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London County Council Election,

1907.

FACTS AND ARGUMENTS

FOR

Municipal Reform Speakers and Candidates.

VOL. II.

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FACTS AND ARGUMENTS

FOR

MUNICIPAL REFORM SPEAKERS AND
CANDIDATES.

L.C.C. FINANCE.

PART I.

NOTE.—In Part II., this important subject of L.C.C. Finance is further analysed, and the Progressive statements are dealt with, and the effects of High Rates are illustrated by concrete instances, etc., etc.

The Municipal Reform Policy regarding Finance.

The following statement of Policy is taken from the Municipal Reform Manifesto, dated December 4th, 1906:—

“FINANCIAL CONTROL.

“The policy of the Progressive Party has been, and is, in relation to finance to embark upon schemes costing millions of money without any proper control or co-ordination of expenditure by the Council's Finance Committee, and without any adequate system of audit showing profit and loss, and, in addition, to risk the ratepayers' money on unremunerative municipal enterprises.

“The policy of the Municipal Reformers has been, and will be, to secure more effective control over the whole expenditure and commitments of the Council; to see that the charge upon the rates for necessary improvements is spread over a number of years; and that improvements are undertaken—as by private owners—only when they can be afforded. They will insist that

all large schemes shall be submitted to the Council in a yearly budget, with such reports from the Finance Committee as will enable the Council to take a comprehensive view of proposed capital commitments, and to marshal and regulate its annual expenditure so as to avoid unduly pressing upon the ratepayers."

The Moderate Party on the Council have throughout consistently recognised the pressing importance of an effective control over, and a proper co-ordination of, expenditure.

The following is briefly the history of this important question:—

Financial Control as advocated by the Moderate Party.

The vast and unprecedented growth of London Municipal expenditure in recent years renders it necessary to inquire whether our existing municipal system provides sufficient safe guards for economical administration.

For the purpose in view, it will be useful to examine the methods by which the London County Council has sought to control its expenditure.

The Council came into existence in 1889. At once differences arose as to the powers of the Finance Committee over the estimates of the various spending committees. The question came to a head on July 7th, 1891, when **Lord Lingen, the Chairman of the Finance Committee, boldly advanced the doctrine that the expenditure of the Council was to be strictly subject to the control of the Finance Committee.** The noble lord contended that "the position of the Finance Committee was strictly analogous to the position of the Treasury in Parliament," as the Local Government Act required "every county council from time to time to appoint a finance committee to regulate and control the finance of the county." Although Lord Lingen was supported by the minority in the Council, the Progressive majority decided that

he had taken an exaggerated view of the powers of the Finance Committee; that, if the Council proposed any proceeding which was likely to lead to a financial difficulty, it was the duty of the Finance Committee to call attention to the fact, and to request the Council to reconsider its position, but within the limits of reasonable financial possibility it was not the business of the Finance Committee to interfere with the decisions of the Council. Lord Lingen shortly afterwards resigned, so strongly did he feel that the Council had acted unwisely, and contrary to the spirit and intention of the Local Government Act.

Certainly the doctrine which he laid down was one that commended itself to prudent men of business; and it derived support from the analogous case of the Treasury control of Imperial Finance. The reckless and far-sighted ambition of the Progressive section at Spring Gardens, however, disdained any real, effective financial control. That would have hindered the achievement of their semi-Socialistic aims.

Henceforward, the Council discharged its onerous duties without the slightest vestige of real control by its Finance Committee. "Control and regulation" was construed merely to mean "advice." What heed to mere "advice" was to be expected from the twenty spending committees which, almost week after week since 1889, have presented to the Council schemes involving some hundreds of thousands, some millions of pounds? Each Committee had its own pet hobby, and vast schemes were rushed through the Council on the principle of "You-scratch-my-back—I'll-scratch-yours."

The decision taken in 1891, to cast financial control to the winds, was not, however, acceptable to the bulk of the Moderate Party.

The Moderate Policy, 1895.

A prominent plank in their election programme of 1895 was "control of expenditure." Lord Avebury (then Sir John

Lubbock), a prominent Moderate, in a pamphlet entitled "The True Policy for London" (published in 1895), stated :—

We shall never secure an economical administration until the Finance Committee exercises a general control over the expenditure of the Council. This was clearly intended by the Act. As a matter of fact, however, every committee makes its own estimates, which the Council almost always approve, and the Finance Committee is, under these circumstances, powerless to check expenditure. . . . Every committee has a tendency to regard its own department as of paramount importance; and I am confident that unless some step is taken in this direction, our expenditure will increase by leaps and bounds. Suppose Parliament were to administer the affairs of the Empire in the same way. Suppose that, instead of having a Minister at the head of each department the House of Commons appointed committees to administer the War Office, the Admiralty, and so forth, that every Member of Parliament was on some committee, that each committee made a weekly report to the House of Commons, and received the House of Commons' direction as to the work which was to be pursued. Such a system would make economy impossible.

In 1896, the Moderate Party obtained the passing of a rule under which street improvements were to be submitted to the Council in a yearly budget. That was the one solitary step taken during ten years towards securing co-ordination of expenditure.

Moderate Policy, 1900.

In their programme issued before the elections of 1901, the Moderates on the London County Council made control of expenditure a principal plank, as follows :—

CONTROL OF EXPENDITURE.

Control of expenditure is the next principle. The Radicals claim credit for the fact that the County Rate has not risen materially. But the increase in rateable value has enabled larger sums to be obtained from the same nominal rate, and expenditure has advanced, though past years have not borne their fair share of charge for improvements. Moreover, the Council has in recent years rapidly committed itself to improvements and other undertakings involving a gross outlay exceeding £20,000,000. The undertakings are desirable enough in themselves, and some are of a remunerative character. But schemes are considered merely upon their individual merits, and without due regard to other claims upon the County Fund. The Finance Committee, indeed, have reported that, under present conditions, "it is impossible

for the Council to form a correct estimate of its financial liabilities and to decide whether it is justified in undertaking a particular outlay at the moment."

The Moderates have obtained the passing of a rule under which Street Improvements are submitted to the Council in a yearly budget. They consider it imperative to extend a similar rule to other large schemes, and to require such reports from the Finance Committee upon the financial position as will enable the Council to take a comprehensive view of the proposed capital commitments. By such measures, and by economy in general administration, they believe that unnecessary expenditure can be prevented, and the charge upon the rate can be spread over a number of years, so as to avoid an oppressive increase of burden in any year.

Progressive Policy of "No Control" Condemned.

The Progressive majority, however, took no practical steps to control or to co-ordinate expenditure, though the Finance Committee, in their annual Report to March, 1903, had to admit the need for so doing. In this Report, the Finance Committee stated:—

We have for a long time been impressed with the desirability of establishing some system by which the Council should be able to co-ordinate its capital expenditure, and thus regulate, to some extent, the amounts of its borrowings from time to time. The present financial system does not afford the Council any special opportunity of reviewing its capital commitments, and of judging of the expediency of entering upon new schemes in the light of its existing engagements. Proposals involving large capital outlay come before the Council at all seasons of the year and votes are passed.

After contrasting the practice of the Council with that of the State, the Committee continue—

Unlike the State loans for works, such proposed expenditure is not brought before the Council as a whole. The Council, therefore, is not in a position to regulate it according to settled order, or to marshal it at a rate which will not unduly press upon the ratepayers, or affect the credit of the Council in the money market. The Council has no opportunity of considering as to the amount of loans which it will be wise to incur in the next financial year, or in the next few years, and no attempt is made to order the succession of works so as not to impose too heavy a charge on one year. Such co-ordination of expenditure

appears to us indispensable if financial order is to be maintained.—
(Extracted from the Annual Report of the Finance Committee, to March, 1903.)

This condemnation of the financial system, or lack of system, which still prevails at the Council under Progressive rule, is surely remarkable, coming, as it does, from the Council's own Finance Committee, which has always enjoyed Progressive majorities and been under the rule of Progressive Chairmen.

The following report of a debate (on the proposal to widen Hampstead Road) which took place on December 22nd, 1903, is instructive:—

The Improvements Committee recommended that the estimate of £245,500, submitted by the Finance Committee, be approved, and that expenditure on capital account not exceeding that amount be authorised for the purpose of widening Hampstead Road at the southern end, authorised by the London County Council (Tramways and Improvements) Act, 1902.

Mr. Campbell (Moderate) contended that the Council were going on in a wild way, incurring capital expenditure without knowing where the money was coming from. Last February they raised £5,000,000, and that was all spent.

Mr. H. P. Harris (Moderate) said no doubt the Hampstead Road widening was of urgent importance, and the only question was that of expense. . . . He would point out the unsatisfactory position members were placed in whenever recommendations involving capital expenditure were brought before them. . . . **Years ago, it was urged that there should be a periodical statement of the Council's commitments, with a view to a co-ordination of capital expenditure, but the idea was then scouted.**

Lord Welby (Progressive) said that while, no doubt, it would be possible for the Finance Committee to refuse to present an estimate, yet that had never been his view of their duty. In bringing forward an amendment to a recommendation for an item of capital expenditure, one must consider the question all round, and when he brought forward such an amendment a short time ago he got little encouragement. **It was not advisable that time after time it should be told to the world that the Council set its face against prudence and economy.** With regard to bringing forward a statement of their commitments, the difficulty had been to obtain from the Standing Committees statements on which they could rely. They knew, for instance, that the Highways Committee contemplated an expenditure of nearly £10,000,000 on tramways, but the Finance Committee could not find out the rate at which that expenditure would proceed.—*Standard*, December 23rd, 1903.

Finally, in July, 1904, after repeated speeches from the Moderates in favour of co-ordination and control of capital expenditure, the Council passed new standing orders which were represented as likely to give some practical effect in checking, reducing, and regulating capital expenditure.

When, however, in April, 1905, the Finance Committee presented estimates of capital expenditure, it was found that the estimates did not relate to *future* projects, but mainly to schemes already approved. Therefore, the new procedure was ineffective. The object of the new Standing Orders was to extend the principle by which a budget of the proposed capital expenditure on street improvements involving an application to Parliament was annually laid before the Council. The Improvements Budget was a budget of new schemes which the Council had not sanctioned. The budget of capital expenditure presented under the new Standing Orders related to schemes already sanctioned, and in regard to which there could be no "regulation and control."

Even Lord Welby confessed that the object which the Finance Committee had in view in bringing up the estimates in question was to prevent the injury annually done to the Council's credit by the publication of inflated estimates of capital expenditure.

That view differed from the idea which prevailed when the Finance Committee reported in 1903 in favour of altering their financial system so as to afford the Council a "special opportunity of reviewing its capital commitments and of judging of the expediency of entering upon new schemes in the light of its existing engagements."

Therefore, there is not, and never has been at any time in the history of the Council, that effective control and regulation of expenditure clearly contemplated by the Legislature, and inexorably demanded by the circumstances of London local government.

What are the results of this lack of financial control?

I.—A LARGE GROWTH OF DEBT AND CAPITAL EXPENDITURE,

as will be seen from the following Tables:—

(A.) TABLE SHOWING THE TOTAL DEBT AND THE TOTAL ASSETS OF THE LONDON COUNTY COUNCIL, ALSO THE NET DEBT.

At 31st March.	Total Debt.		Total Assets.	Net Debt.
	Amount.	Yearly Increase of (a).	Amount.	a—c
	(a)	(b)	(c)	(d)
	£	£	£	£
1890	30,198,000	...	11,880,000	18,318,000
1891	30,294,000	96,000	12,389,000	17,905,000
1892	30,641,000	347,000	12,835,000	17,806,000
1893	31,421,000	780,000	13,378,000	18,043,000
1894	33,026,000	1,605,000	14,340,000	18,686,000
1895	34,859,000	1,833,000	15,416,000	19,443,000
1896	35,822,000	963,000	16,607,000	19,215,000
1897	37,301,000	1,479,000	18,195,000	19,106,000
1898	39,378,000	2,077,000	19,284,000	20,094,000
1899	41,941,000	2,563,000	20,379,000	21,562,000
1900	44,436,000	2,495,000	21,404,000	23,032,000
1901	47,939,000	3,503,000	23,125,000	24,814,000
1902	52,750,000	4,811,000	25,561,000	27,189,000
1903	57,627,000	4,877,000	28,927,000	28,700,000
1904	61,131,000	3,504,000	30,529,000	30,602,000
*1905	71,587,000	10,456,000	26,967,000	44,620,000
1906	74,514,000	2,927,000	29,280,000	45,234,000

* In 1904-1905, the London County Council took over the debt of the School Board for London, amounting on May 1st, 1904, approximately to £11,549,000.

N.B.—During 1890-1906 the Total Debt increased by £44,316,000, and the Total Assets increased by £17,400,000. The difference between these two amounts, £26,916,000, is the *increase* in the Net Debt during 1890-1906. The Assets, which include Sinking Fund accumulations lent by the London County Council to other local spending authorities, have not increased nearly so fast as the Debt has increased.

(B.) TABLE SHOWING THE YEARLY EXPENDITURE OF THE LONDON COUNTY COUNCIL. DISTINGUISHING EXPENDITURE ON REVENUE ACCOUNT AND EXPENDITURE ON CAPITAL ACCOUNT.*

Year ended 31st March.	Yearly Expenditure on Revenue Account. (a)	Yearly Expenditure on Capital Account.† (b)	Total Yearly Expenditure. (c)
	£	£	£
1890 } 1891 } 1892 }	not stated	not stated	not stated
1893	2,720,000	1,905,000	4,625,000
1894	2,933,000	2,470,000	5,403,000
1895	3,078,000	2,478,000	5,556,000
1896	3,221,000	2,493,000	5,714,000
1897	3,263,000	2,798,000	6,061,000
1898	3,322,000	3,492,000	6,814,000
1899	3,658,000	3,971,000	7,629,000
1900	4,107,000	3,748,000	7,855,000
1901	4,464,000	5,297,000	9,761,000
1902	4,555,000	6,055,000	10,610,000
1903	4,862,000	7,432,000	12,294,000
1904	5,325,000	5,773,000	11,098,000
1905 } 1906 }	not stated	not stated	not stated
Total . . .	45,508,000	47,912,000	93,420,000
Yearly Average 4 years (1893-1896)	2,988,000	2,336,500	5,324,500
„ (1897-1900)	3,587,500	3,502,250	7,089,750
„ (1901-1904)	4,801,500	6,139,250	10,940,750

* Condensed from London County Council volume No. 937, published in March, 1906.

† This includes Loans to Local Spending Authorities, etc., and thus is not identical with the Capital Expenditure in the Table showing the Expenditure by the London County Council on Capital Account, distinguishing "Unremunerative" and "Remunerative" Expenditure.

N.B.—Capital Expenditure has gradually caught up and passed Expenditure on Revenue Account, despite the large growth of the latter. In recent years the total expenditure was approximately at the rate of one million per calendar month.

(C.) TABLE SHOWING THE EXPENDITURE BY THE LONDON COUNTY COUNCIL ON CAPITAL ACCOUNT, DISTINGUISHING "UNREMUNERATIVE" AND "REMUNERATIVE" CAPITAL EXPENDITURE.

Year ended 31st March.	"Unremunerative" Capital Expenditure.	"Remunerative" Capital Expenditure.	Total.*
	£	£	£
1890 } 1891 } 1892 } 1893 } 1894 }	3,494,000	96,000	3,590,000
1895	749,000	77,000	826,000
1896	517,000	174,000	691,000
1897	642,000	117,000	759,000
1898	802,000	807,000	1,609,000
1899	1,105,000	887,000	1,992,000
1900	1,751,000	203,000	1,954,000
1901	2,028,000	260,000	2,288,000
1902	2,423,000	349,000	2,772,000
1903	2,993,000	940,000	3,933,000
1904	2,233,000	1,020,000	3,253,000
1905	2,496,000	1,143,000	3,639,000
1906	not stated	not stated	not stated
Total . . .	21,233,000	6,073,000	27,306,000
Yearly Average			
5 years (1890-1894)	698,800	19,200	718,000
„ (1895-1899)	763,000	412,400	1,175,400
„ (1900-1904)	2,285,600	554,400	2,840,000
1 year (1905)	2,496,000	1,143,000	3,639,000

* This Total of Capital Expenditure is not the same as in col. (b) of the preceding Table (B.), which is taken from a London County Council return that includes under Capital Expenditure, Loans to Local Spending Authorities, etc. This Table is condensed from another London County Council return, which states specifically what has been the "Unremunerative" and "Remunerative" Capital Expenditure.

N.B.—During the first five years the Unremunerative Capital Expenditure averaged £698,800 yearly. During the last five years it averaged £2,285,600 yearly.

Speaking again in the Council on December 12th, 1905, Lord Welby again referred to this lack of financial control and co-ordination, and said :—

“The policy by which the Council passed scheme after scheme was a strange one. In one year the Council passed a scheme involving huge expenditure, put it aside, forgot all about it, and looked upon it as if the thing were done. The next year fresh schemes were produced, and the process repeated.”

On May 8th, 1906, Lord Welby, in presenting the estimates of receipts and expenses for the financial year, 1906-7, in referring to the Council's debts, said :—

	£
“ On 31st March, 1905, the gross debt was ...	71,587,175
On 31st March, 1906, it was ...	74,513,703
Increase ...	2,926,528
Against this gross debt of ...	74,513,703
the Council held cash assets or their equivalent— loans advanced to other authorities, principal moneys due by out-county authorities, surplus lands, etc. ...	29,279,505
Net debt ...	45,234,198
The net debt on 31st March, 1905, was ...	44,617,623
Net increase ...	£616,575

“ In considering this net debt of £45,234,198 we must bear in mind that an appreciable part of it imposes no charge on the ratepayers, because interest and sinking fund are chargeable against the revenues of the undertakings on which the borrowed moneys have been expended. This remunerative debt amounted on 31st March, 1906, to £6,687,366, or, deducting £293,000 for steamboats, a service which at present does involve a charge on the rates, a sum of £6,394,366, reducing the total net amount of our unremunerative debt to £38,839,832.

Two years ago the net debt of the Council was £30,601,832, but for purposes of comparison we must add the Education debt transferred to the Council on 1st May, 1904, £11,549,525,	£
making together ...	42,151,357
On 31st March, 1907,* it was (including £11,598,855 for Education) ...	45,234,198
Increase ...	£3,082,841”

*[NOTE.—The original says “1907,” which is evidently a mistake for 1906.]

The same causes are also responsible for the—

II.—EXCESSIVE ISSUES OF STOCK IN RECENT YEARS.

(D.) TABLE SHOWING STOCK ISSUED BY THE LONDON COUNTY COUNCIL IN EACH YEAR ENDED 31ST MARCH, 1890-1906.

Year ended 31st March.	Yearly Amount of Stock issued. (a)	Amount raised by the Issue of (a). (b)	Rate of Interest at which (a) was issued. (c)	Selling Price of each £100 of Stock issued. (d)		
	Million £	£	Per cent.	£	s.	d.
1890	1.00	913,000	2½	91	5	3
1891	...	...	...	...
1892	...	...	...	...
1893	1.20	1,070,000	2½	89	3	6
1894	1.50	1,351,000	2½	90	1	2
1895	2.00	1,898,000	2½	94	18	3
1896	1.00	1,024,000	2½	102	7	5
1897	1.00	1,045,000	2½	104	9	7
1898	2.50	2,512,000	2½	100	9	7
1899	2.00	1,905,000	2½	95	4	9
1900	1.75	1,614,000	2½	92	4	10
1901	5.00	4,846,000	3	96	18	6
1902	5.00	4,910,000	3	98	3	11
1903	2.00	1,968,000	3	98	8	7
1904	5.00	4,730,000	3	94	11	10
1905	5.00	4,467,000	3	89	6	10
1906	4.00	*3,842,000	3	*96	1	0
Total . . .	39.95	38,095,000	...	95	7	1
Total during 5 years (1890-1894)	3.70	3,334,000	...	90	5	5
„ (1895-1899)	8.50	8,384,000	...	98	12	8
„ (1900-1904)	18.75	18,068,000	...	96	7	3
2 years (1905-1906)	9.00	8,309,000	...	92	6	5
Total . . .	39.95	38,095,000	...	95	7	1

* These amounts, based upon the London County Council's returns, appear to be too high. For the reason that a trustworthy authority, the *Stock Exchange Official Intelligence* for 1906, states that the last London County Council loan (December, 1905) was issued at an average price of £93 10s. 9d.

(E.) TABLE SHOWING AMOUNT OF STOCK ISSUED BY THE LONDON COUNTY COUNCIL DURING FOUR SUCCESSIVE PERIODS OF FOUR YEARS EACH. NOTE THE LARGE GROWTH OF BORROWING BY THE LONDON COUNTY COUNCIL.

During each Period of Four Years ended 31st March.	Amount of Stock Issued. (a)	Growth of (a), beginning at £100 for the First Period. (b)
1890—1893 1894—1897 1898—1901 1902—1905 and in 1906*	£ 2,200,000 5,500,000 11,250,000 17,000,000 4,000,000	£ 100 250 511 773 ...
Total . .	39,950,000	...

* Financial year ended 31st March, 1906.

N.B.—During the first period of four years, the Stock issued was £2,200,000. During the last period of four years, the Stock issued was £17,000,000. The growth in borrowing has been very great; £773 of Stock were issued during 1902-1905 for every £100 of Stock issued during 1890-1893—a nearly eight-fold growth.

Lord Welby, in a speech to the Council on 17th November, 1903, said:—

“I am bound to say that the Council has never, up to the present moment, considered the amount which the Council might fairly borrow every year without turning the money market against it, or injuring its credit in the money market.”

Speaking again in the Council during the debate on the London County Council Electricity Supply Bill, on December 12th, 1905, Lord Welby said:—

“He was very jealous of the credit of the Council, and his jealousy led him to one opinion—that at the present time the Council was in danger of overstraining its credit. They ought to be alive to that danger, as their credit ought to be the first after that of the State, and he could not say that at present it held that position. The large

propositions for expenditure which came from various committees showed that the Council was not alive to the danger of overstraining its credit. He wanted to justify the grounds of his statement by a reference to the capital commitments of the Council. During the last few years many millions had been spent on street improvements, involving heavy borrowings. The Strand and Westminster improvements cost £7,000,000. Those schemes would, perhaps, in time provide recoupment of the cost, but for some time the ratepayers had to bear the burden. . . . The policy by which the Council passed scheme after scheme was a strange one. In one year the Council passed a scheme involving huge expenditure, put it aside, forgot all about it, and looked upon it as if the thing were done. The next year fresh schemes were produced, and the process repeated."

Surely the fact that such criticism should come from the Progressive Chairman of the Council's Finance Committee sufficiently demonstrates the gravity of this matter.

III.—ENORMOUS CAPITAL COMMITMENTS.

The Progressives have tried to conceal the amount of capital expenditure to which the Council is committed.

Lord Welby, speaking as far back as November 17th, 1903, said:—

The growing demands on the Council are so great, that I must say that **the Council is outstripping the bounds of prudence.**

Speaking in the Council on October 24th, 1905, Lord Welby, in referring to the Council's capital expenditure, further stated:—The position had changed considerably during the past few years. Within the next year or so the Council would be face to face with a serious condition of affairs. When they passed the Westminster improvement scheme a few years ago it had not committed itself to **the enormous financial proposals involved in electrification of tramways, a steamboat service, construction of tunnels, and other great works, which would be felt in the near future.** To treat this proposal, involving half a million of money (as the proposer and seconder of the amendment wished to do), as a mere bagatelle was, to say the least of it, far from wise. The money market did not regard such sums as mere bagatelles. The

commitments, which were not in existence at the time the Westminster improvement was decided upon, amounted to between £12,000,000 and £15,000,000, and this was coming upon the Council within the next two or three years. They had expended £5,000,000 on Kingsway and Aldwych, and while time was going on, recoupment was long delayed. The rate-payers were suffering to a large extent, and were paying £120,000 a year on the dead debt of the Holborn to Strand scheme; and if the Council did not accept the proposal of the Syndicate as regarded Westminster, there would be a deficit to be met by the ratepayers of £175,000, even if all the recoupment was received. **Before the Council committed itself to any further large expenditure, he implored the Members to pause and consider that they were the guardians of the public purse, and to realise the responsibilities that guardianship entailed.** He hoped that the Council would not adopt the quixotic proposal of Mr. Hubbard, and add to the already enormous commitments of the Council.*

Return setting forth L.C.C. Capital Commitments.

An L.C.C. return dated 21st March, 1906, shows the total indebtedness of the Council as on 31st December, 1905, and also the commitments of the Council in respect of (1) services charged directly on the County Rate, and (2) revenue producing undertakings.

This return states :—

“ It will be seen from the summary table at the foot of page 3, that the total commitments amount to £21,008,345. Of this sum, £12,111,410 has actually been voted, and is in process of being expended, although the payments will be spread over several years; and the balance of £8,896,935 has been definitely approved by the Council, though not yet voted in detail.

* NOTE.—Notwithstanding this appeal by Lord Welby, 27 Progressives voted in favour of this amendment, which, however, as a result of the Moderate opposition, was ultimately defeated. This Division List is set out in *London Municipal Notes* for December, 1905, page 325.

“The Council has also approved of proposals for which powers are to be sought from Parliament in the present session, involving, if approved by Parliament, a further outlay of £4,018,945. They comprise the re-construction of Catford Bridge, £59,000; the construction and equipment of new tramways, the purchase of lands and other purposes of the tramway undertaking, £1,010,000; street improvements in connection with tramways, £359,570; the acquisition of sites for educational purposes, £90,375; and the establishment of an electric supply undertaking, £2,500,000; but all these schemes have to be submitted to the Council again, if Parliamentary powers are obtained, before they become actual commitments. Some of the proposals with regard to tramways have already been struck out of the Bill of 1906 for want of the consents of the local authorities.

“An approximate estimate has been included in the return for the cost of the completion of the work of re-constructing and equipping all the tramways in London for electric traction, as well as for the construction of the various new lines for which powers have been obtained.

“This estimate, however, does not contain anything in respect of street widenings beyond those which have already been definitely approved, as it is not possible to say what will be the cost of further widenings until the proposals for dealing with the various sections of the lines are worked out in detail.

“Some of the expenditure of £21,008,345 to which the Council is already definitely committed, will be spread over several years, but on the other hand the further expenditure in sight, which has not yet reached the stage of definite commitment, must be borne in mind in considering the subject of future capital expenditure. **In connection with education, for instance, nothing is included in the return beyond the balance of expenditure actually voted, but the Council is constantly voting additional sums.**

“RECOUPMENTS.

“The amounts included in the return under the head of ‘Street Improvements’ are the figures of estimated gross cost, without any allowance for recoupment; and, although these figures represent the cash which has to be found, the value of recoupments must be deducted in order to ascertain the addition to the net debt. The estimated value of recoupments in respect of the improvements included in the return, beyond the value already brought into account in arriving at the net debt on 31st December, 1905, is upwards of £1,500,000.”

**Commitments of the Council on Capital
Account to be provided for during the
next few years.**

SUMMARY.

	Balances of votes out- standing on 31st Dec., 1905.	Estimated expenditure on schemes approved, but not voted up to 31st Dec., 1905.	Total.
	£	£	£
1. In respect of services charged directly on the county rate (<i>see</i> page 4)	7,833,293	3,037,585	10,870,878
2. In respect of revenue- producing under- takings (<i>see</i> page 5)	4,278,117	5,859,350	10,137,467
Total	12,111,410	8,896,935	21,008,345

(Extracted from page 3 of the Return).

Capital Commitments on "Revenue-Producing Undertakings."

The following are the capital commitments of the Council in respect of Revenue-Producing Undertakings (extracted from page 5 of the same Return) :—

(a) Balances of votes outstanding on 31st December, 1905 :—

Working Class Dwellings—	£	£
Dwellings under Parts I., II. and III. of the Housing of the Working Classes Act	437,509	
Dwellings under Improvement Acts	86,786	
	<hr/>	524,295
Tramways—		
Proportion of cost of street widenings (as on page 6)	264,831	
Reconstruction works, construction of tramway subway, generating station and other buildings, cars, machinery, &c.	3,434,699	
	<hr/>	3,699,530
Steamboats		54,292
		<hr/>
Total of sums voted and outstanding ...		4,278,117

(b) Estimated expenditure on schemes approved but not voted up to 31st December, 1905—

Working class dwellings—

Dwellings under Part III. of the Housing of the Working Classes Act—	£	£	£
Totterdown Fields Estate ...	133,000		
Norbury Estate	161,000		
White Hart Lane Estate... ..	*1,440,000		
Old Oak Common Lane site ...	450,000		
	<hr/>	2,184,000	
Dwellings under Improvement Acts (say)		50,000	
		<hr/>	2,234,000
Tramways—			
Purchase of tramways, reconstruction for electric traction, construction of authorised new tramways, &c. (say)			3,600,000
Steamboats (voted 13th March, 1906) ...			25,350
			<hr/>
Total of sums approved, but not voted ...			5,859,350

* This is the estimated cost of buildings to cover the whole Estate, the development of which will extend over some years.

L.C.C. Capital Expenditure.

The Report of the Finance Committee submitting the estimates of capital expenditure for the year 1906-7 was presented to the Council on April 3rd, 1906.

The total of the estimates, including general contingency provisions, was £6,505,350.

The Report set out the figures of previous expenditure on capital account, as follows:—

1900-1	...	...	...	...	£2,286,209
1901-2	...	...	...	...	2,794,569
1902-3	...	...	...	...	3,944,955
1903-4	...	...	...	...	3,334,071
1904-5	...	...	...	...	3,836,757
1905-6	...	...	...	...	3,800,000 (est.)

During the debate which followed, Lord Welby (Chairman of the Finance Committee) said that the estimated capital expenditure for the coming year was not likely to be actually reached, though they had done their best to make it approximate more nearly to the actual figures than it had been done in past years. He did not take any unfavourable view of the Council's financial situation, although he was bound to admit that the present price of the Council's stock was not altogether satisfactory.

TABLE showing total charge on the rates in respect of loans borrowed by the several classes of authorities, and the equivalent rate in the £ for the last three years.

The rates shown for local debt have been calculated upon the total rateable value of the County of London; but those in respect of county debt have been calculated upon the total rateable value after deducting the rateable value of those parishes which are exempt. (Comparative figures for earlier years are given in the *Statistical Abstract for London*, and in *London Statistics*.)

Authorities.	Amount of the charge on the rates in respect of net debt.			Equivalent rate in the £.		
	1903-4.	1904-5.	1905-6.	1903-4	1904-5	1905-6
London County Council and late School Board for London—	£	£	£	d.	d.	d.
General county purposes—						
Education (a)	683,678	(b) 724,339	745,230	4·03	4·23	4·29
Other	1,184,419	1,220,205	1,239,862	7·00	7·13	7·15
Special county purposes ...	246,424	249,153	248,741	1·66	1·66	1·63
	2,114,521	2,193,697	2,233,833	12·69	13·02	13·07
Metropolitan Asylums Board ..	291,960	307,517	319,697	1·73	1·80	1·85
Metropolitan Police Receiver (proportion)	21,176	(c) 17,243	16,960	·14	(c)·11	·11
Total central authorities...	2,427,657	2,518,457	2,570,490	14·56	14·93	15·03
Metropolitan Borough Councils and City of London Cor- poration in respect of—						
Baths and washhouses ...	86,915	89,714	90,975	·51	·52	·52
Cemeteries	17,531	18,431	21,464	·10	·11	·12
Underground conveniences ...	12,843	13,794	13,479	·08	·08	·08
Libraries and museums ...	14,465	14,738	16,179	·09	·09	·09
Other	675,117	813,175	750,813	3·99	4·75	4·33
	806,871	949,852	892,910	4·77	5·55	5·14
Guardians and sick asylums and school district managers ...	407,858	414,099	420,046	2·41	2·42	2·42
Total local authorities...	1,214,729	1,363,951	1,312,956	7·18	7·97	7·56
Total	3,642,386	3,882,408	3,883,446	21·74	22·90	22·59

(a) Including the debt charge of the late Technical Education Board.

(b) This figure includes the sum of £78,406 paid by the late School Board during the period between 1st April, 1904, and 1st May, 1904, the date of transfer.

(c) The apparent reduction in the debt charge of the Police Receiver in this year is due to the exclusion of the charge in respect of Police Court buildings, which is not met out of the rates, *see* Table 1, p. 4.

(Extracted from the L.C.C. Return of "London Debt, 1905-6," No. 1011, page 12.)

TABLE showing the equivalent rate in the £ of the loan charge for each of the last 17 years.

Year.	Central.						Local.													
	London County Council and late School Board for London.					Metro- politan Asylums Board.	Metro- politan Police Receiver.	Total.	Metro- politan Borough Councils.	Guardians, etc.	Total.	Total central, and local.								
	General.		Special.	Total.	d.															
	Education purposes.	Purposes other than Education.																		
													d.							
1889-90	2.92	6.40	d.	1.28	d.	10.60	d.	.63	d.	.05	11.28	d.	3.06	d.	1.97	d.	5.03	d.	16.31	
1890-91	2.99	6.28		1.28		10.55		.62		.12		11.29		3.12		2.05		5.17		16.46
1891-92	2.94	5.96		1.23		10.13		.59		.14		10.86		2.95		2.04		4.99		15.85
1892-93	3.01	6.29		1.44		10.74		.58		.14		11.46		3.05		1.90		4.95		16.41
1893-94	3.11	6.39		1.35		10.85		.61		.15		11.61		3.21		1.98		5.19		16.80
1894-95	3.29	6.43		1.40		11.12		.66		.15		11.93		3.31		1.96		5.27		17.20
1895-96	3.40	6.71		1.43		11.54		.76		.15		12.45		3.38		2.06		5.44		17.39
1896-97	3.44	6.35		1.34		11.13		.99		.12		12.24		3.18		1.99		5.17		17.41
1897-98	3.52	5.93		1.46		10.91		1.12		.11		12.14		3.21		1.98		5.19		17.33
1898-99	3.60	5.72		1.51		10.83		1.21		.15		12.19		3.53		2.11		5.64		17.83
1899-1900	3.69	5.93		1.57		11.19		1.27		.15		12.61		3.75		2.26		6.01		18.62
1900-01	3.81	6.54		1.73		12.08		1.27		.15		13.50		4.08		2.28		6.36		19.86
1901-02	3.81	6.01		1.67		11.49		1.13		.14		12.76		4.25		2.25		6.50		19.26
1902-03	3.92	6.57		1.73		12.22		1.46		.13		13.81		4.44		2.33		6.77		20.58
1903-04	4.03	7.00		1.66		12.69		1.73		.14		14.56		4.77		2.41		7.18		21.74
1904-05	4.23	7.13		1.66		13.02		1.80		.11 (c)		14.93		5.55		2.42		7.97		22.90
1905-06	4.29	7.15		1.63		13.07		1.85		.11		15.03		5.14		2.42		7.56		22.59

(Extracted from the L.C.C. return of "London Debt, 1905-6," No. 1011, page 12.)

IV.—DEPRECIATION OF THE COUNCIL'S CREDIT.

In 1896-7, the Council were borrowing at $2\frac{1}{2}$ per cent. To-day its $2\frac{1}{2}$ per cent. stock is only worth about £77 10s., and it has to pay, as shown by page 24, as much as 6 per cent. for some of the money it now borrows.

To this result the Progressive Council has largely contributed. Lord Welby may be again quoted. Speaking in the Council on November 17th, 1903, Lord Welby said :—

“There can be no doubt whatever, I think, for insufficient reason, to a great extent, the municipal loans are not very favourably viewed by the money market. There is a suspicion, and I do not say it is entirely without foundation, but I think it is very grossly exaggerated, that municipalities are extravagant, and in consequence, a check ought to be put upon their borrowings.”

In a further speech in the Council on December 12th, 1905, Lord Welby said :—

“The Council would have to raise many millions of money in the next few years. The money market was the Council's master. In every one of the numerous cases he had mentioned, the Council was bound to go to the money market. They were constantly borrowing, and it was necessary, if the credit of the London County Council was to be maintained, that they should produce to the money market evidence that they were acting prudently, soundly, and in a business-like way.

“It was not sufficient for the Council to think that because a scheme was passed it was done with. The Council might undertake useful works, but that was not all that was necessary to success. They must have reasonable co-ordination, and regulation. They must have

a true appreciation of the relative proportions of the various sums they proposed to borrow, and regulate their applications to the money market with wisdom."

The results of Progressive lack of system and prudence in the management of the Council's finances have been indicated, and it is important also to note one cause which has contributed to the critical financial position in which the Council now finds itself. The cause is to be found in the refusal of a Progressive majority for many years to carry out necessary street improvements until the incidence of local taxation was changed. The result has been twofold: (1) That delayed improvements are now being carried out at a cost which is greatly increased, both because of the enhancement of the value of property—consequent upon delay—and because of the increased cost of the money borrowed to pay for it; (2) that the burden of an excessively large number of improvement schemes has been cast upon the rates at the present time, when large sums are required for tramways, main drainage, and other purposes.

Temporary Borrowings.

As regards the future, the outlook for the ratepayers is far from satisfactory.

The Council has avoided issuing any stock since December, 1905, but has had to indulge in temporary borrowings to a considerable amount.

At the present time, December 15th, 1906, the Council is owing about £3,500,000 on temporary Bills.

This, however, by no means includes the whole of the Council's temporary borrowings at the present time. The Council has taken powers, at various times, for temporary borrowings amounting to a further total of £1,500,000.

The Finance Committee in their Report dated October 24th, 1906, state:

"The Council on 17th July, 1906, authorised us, subject to the sanction of H.M. Treasury, which has since been received, to negotiate

between that date and 31st December, 1906, such temporary loans, not exceeding the sum of £1,000,000, as might be necessary for the Council's purposes, for periods not exceeding six months.

"On 31st July, 1906, we reported that under this authority a sum of £100,000 had been borrowed from the London and Westminster Bank from 23rd July until 3rd August, 1906, at 3 per cent. per annum interest. We now report that *arrangements have been made with the Bank to borrow further sums amounting to £800,000 from time to time between the present date and 31st December, 1906, the rate of interest being the Bank Rate* for the time being with a minimum charge of 3½ per cent. per annum.*"

[Extracted from the L.C.C. Minutes, October 30th, 1906, page 953.]

The Finance Committee in their Report dated December 5th, 1906, recommended that application be made to the Treasury for sanction to the Council obtaining, between January 1st and March 31st, 1907, temporary loans not exceeding £500,000 for periods of not more than six months.

Mr. R. A. Robinson (the leader of the Moderate Party) at the meeting of the Council on December 11th, 1906, strongly opposed the further proposed temporary loans, as recommended by the Finance Committee, and expressed the serious concern felt by the Moderate Party at the way in which the debt of the Council was being piled up—the Council, he said, had now £3,500,000 out in county bills, and with the sums proposed to be borrowed and temporary loans on capital account **the amount of the Council's temporary loans would come to £4,800,000.**

The net debt of the Council now, including that in respect of education, was £44,000,000. The Council's rate had risen from 12½d., when it came into existence, to 17d. The rateable value of London was £31,800,000 in 1890, but to-day it exceeded £43,000,000, and a penny rate realised £181,000, as compared with £131,000. Instead of allowing the rate to go up, the Council should have tried to keep the increase of expenditure within the

* The Council at the present time, therefore (January 15th, 1907), as will be seen from the above, is **paying interest at 6 per cent.**, the present Bank rate.

increase of rateable value. **The Council was exacting from the ratepayers now double the amount for which they were asked in the first year of the Council's existence.**

The policy of temporary loans at a high rate of interest meant that the new Council, immediately after the election, would have to face a certain issue of new stock. Mr. Robinson concluded by moving that the recommendation be referred back, that the Finance Committee be instructed that the Council was not willing to continue indefinitely the policy of raising money by temporary loans at a high rate of interest, that the committee should report after the Christmas recess as to whether it was not possible to issue stock, and that the provision of a temporary loan should not extend beyond January 31st, or for a larger sum than £250,000.

Sir Melvill Beachcroft (M.), who seconded the amendment, spoke of the seriousness to the ratepayers of the fact that the Council had a floating debt of £4,800,000.

The amendment was lost on a division by 63 votes to 29, and the recommendation was adopted.

Depreciation in the Council's Credit.

The last L.C.C. issue of stock was in December, 1905, and 3 per cent. stock was then issued at the average price of £93 : 10s. 8-89d.

During the current year (1906) the Council's 3 per cent Consolidated stock has been down as low as 86 $\frac{7}{8}$, whilst the lowest price touched during 1905 was 92 $\frac{1}{2}$. There is good grounds for saying that the L.C.C., at present, could not issue 3 per cent. stock at a price higher than 86, and if the issue were to be a large one probably not even as high as that.

The Progressives' contention that the recent heavy decline in the value of London Consolidated 3 per cent. stock is due merely to the same causes which have affected Consols, &c., is

absurd, as shown by the fact that (*inter alia*), at the present time, the 3 per cent. stocks of several of the principal towns in Great Britain stand at a higher price than does the L.C.C. 3 per cent. stock.

Speaking in the House of Lords on July 9th, 1906, Viscount Goschen, one of the greatest living financial authorities, and an ex-Chancellor of the Exchequer, said :—

“My Lords, there is only one point connected with this very important subject to which I wish to be allowed to refer, and that is the present credit of the London County Council The works to be undertaken may be excellent in themselves, but there must be a certain moderation in taking up the vast number of schemes to which the London County Council commit themselves. **This question is not only a Metropolitan one; it almost becomes a national question.** If the other great boroughs see that the London County Council, the premier council in respect of the whole Empire, borrowing at the pace at which they have been borrowing, and producing Bills for £12,000,000 at a time like the present, I think it is calculated to have a disadvantageous effect on municipal finance generally. My noble friend Lord Avebury said that **the credit of the London County Council** was good, but I am surprised to hear that **it is not as good as the credit of Manchester, Birmingham, and Liverpool.** I do not know whether Lord Welby would confirm or dispute that, but **I am told that these cities are able to borrow more cheaply than the London County Council.** If that is so, it appears to me that it is a most serious warning to the London County Council as to the degree to which they are straining their credit, and it is a circumstance which should induce the Council to look to their ways. . . .”—*Extracted from the Official Reports.*

According to *The Times* Financial and Commercial Supplement of December 10th, 1906, the following Corporation 3 per cent. stocks stood higher on December 8th than did the London County Council 3 per cent. stock, viz., Blackburn, Bristol, Edinburgh, Leeds, Manchester and Sheffield.

The real causes for this large depreciation are : Firstly, the enormous increase in the issue of stock by the L.C.C. extending from 1890 to the present time ; and, secondly, that investors are beginning to be frightened by the hopelessly unbusinesslike methods and semi-Socialistic schemes of the Progressive majority.

It will be no matter for surprise if the Progressives on the L.C.C. by some means endeavour to evade an issue of stock until after the L.C.C. elections of March 2nd, 1907, in order to avoid publicly demonstrating the financial crisis to which their incapacity has brought the finances of the greatest City in the world.

Municipal Reform Policy.

The Municipal Reform policy in regard to Finance taken from the Municipal Reform Manifesto dated December 4th, 1906, has already been set out. (cf. page 1.)

What is wanted, if the Council's credit is to be maintained, and the ratepayers are to be spared excessive burdens, is—

(1) Such co-ordination of expenditure as the Finance Committee of the Council admit to be "indispensable," but which they have not been allowed by the Progressive Party to take any steps towards securing.

The Municipal Reform policy is to promote this object by requiring large schemes to be submitted to the Council in a yearly budget, with such reports from the Finance Committee as will enable the Council to take a comprehensive view of proposed capital commitments, and to marshal its expenditure at a rate which will not unduly press on the ratepayers.

(2) The confidence of the money market. This cannot be retained by the Progressive Party which, by the admissions of its own principal financier (Lord Welby), has failed to regulate its expenditure with prudence, and is, moreover, pledged to a number of speculative schemes of municipal trading, notably the supply of electricity in bulk.

The Moderate minority have, by the consistent manner in which they have for many years advocated, at the Council and in their programme of 1901, and again in 1904,* the establishment

* As to this, cf. pages 2 to 7 *supra*.

of a proper system of financial control, shown that they are the party of prudent finance. The Municipal Reform policy is one of progress on sound municipal, but not Socialistic, lines.

Other reforms advocated, though not necessarily a part of the Municipal Reform policy, are :—

(*a*) Such reform of the compounding system as will bring to the attention of those who do not pay rates direct, the enormous burden which they indirectly bear.

(*b*) The extension of the municipal franchise to trading companies, who pay a large proportion of the rates, but are debarred from having either representation or voting power in municipal administration.

(*c*) The transfer of trading and establishment licenses should be made complete and power given to increase their amount; and the transfer of the existing Inhabited House Duty from the Imperial to the local account, as recommended by the Royal Commission on Local Taxation.

(*d*) The earlier and more complete publication of the Local Taxation Returns, so as to afford the ratepayers an early opportunity of reviewing municipal expenditure.

(*e*) A detailed and careful investigation of municipal trading undertakings in order to ascertain the true financial results of their working.

It cannot be doubted that if such a policy were to be pursued for some years at Spring Gardens, the financial credit of the Council would be greatly strengthened, and its ability to curtail expenditure would be largely increased.

The Rising Rate.

Turning from the melancholy prospect afforded by the Council's ponderous debt, the ratepayer can derive no satisfaction from a contemplation of its rising rate:—

TABLE (F.).

Year.	Rate in £.	Amount raised from Rates. Gen. and Spec. Account.	Rateable Value.	Amount pro- duced by 1d. Rate.
	d.	£	Millions £	£
1889-90	12·53	1,857,000	31·6	131,600
1890-91	13·25	1,719,000	31·8	132,400
1891-2	11·75	1,583,000	33·0	137,500
1892-3	12·50	1,693,000	33·3	138,600
1893-4	13·00	1,777,000	33·6	139,900
1894-5	14·00	1,935,000	33·9	141,300
1895-6	15·00	2,096,000	34·2	142,600
1896-7	15·00	2,196,000	35·8	149,100
1897-8	14·00	2,062,000	36·1	150,300
1898-9	14·60	2,086,000	36·6	152,400
1899-00	13·50	2,042,000	37·0	154,200
1900-1	14·50	2,226,000	37·5	156,400
1901-2	15·00	2,432,000	39·6	165,100
1902-3	15·50	2,530,000	40·1	167,100
1903-4	16·75	2,779,000	40·6	169,200
1904-5	17·75	2,969,000	41·1	171,200
1905-6	17·0	2,886,000	41·6	173,500
1906-7	17·0	3,018,000*	42·1	175,400
	(<i>Vide</i> Annual Report.)	(Financial Abstract.)	(Statistical Abstracts.)	

* Estimated.

(G.) TABLE SHOWING THE YEARLY GENERAL AND SPECIAL COUNTY RATE IN THE £1 LEVIED BY THE LONDON COUNTY COUNCIL. ALSO, THE RATE FOR EDUCATION LEVIED BY THE SCHOOL BOARD FOR LONDON DURING 1890-1904, AND BY THE LONDON COUNTY COUNCIL DURING 1905-1907.

Year ended 31st March.	General County Rate in the £1. (a)	Special County Rate in the £1. (b)	Total Rate in the £1. (a + b). (c)	Education Rate in the £1.* (d)	Total Rate plus Education Rate in the £1. (c + d) (e)
	Pence.	Pence.	Pence.	Pence.	Pence.
1890	10·630	1·900	12·530	8·900	21·430
1891	11·125	2·125	13·250	10·700	23·950
1892	9·500	2·250	11·750	11·010	22·760
1893	10·100	2·400	12·500	10·450	22·950
1894	10·700	2·300	13·000	10·200	23·200
1895	11·650	2·350	14·000	10·450	24·450
1896	12·600	2·400	15·000	11·500	26·500
1897	12·750	2·250	15·000	12·340	27·340
1898	11·750	2·250	14·000	12·360	26·360
1899	11·600	2·400	14·000	12·370	26·370
1900	11·500	2·000	13·500	13·370	26·870
1901	12·250	2·250	14·500	13·980	28·480
1902	12·375	2·625	15·000	14·510	29·510
1903	12·875	2·625	15·500	14·660	30·160
1904	14·125	2·625	16·750	15·180	31·930
1905	14·500	3·250	17·750	16·000	33·750
1906	14·000	3·000	17·000	18·000	35·000
1907	14·250	2·750	17·000	19·000	36·000
Yearly Average					
5 years(1890-1894)	10·411	2·195	12·606	10·252	22·858
„ (1895-1899)	12·070	2·330	14·400	11·804	26·204
„ (1900-1904)	12·625	2·425	15·050	14·340	29·390
3 years(1905-1907)	14·250	3·000	17·250	17·667	34·917

* During the year 1905 the School Board levied a part of this rate, and the London County Council levied the other part. In 1906 and 1907 the London County Council levied all the Education Rate.

L.C.C. Expenditure on Education.

Lord Welby in his annual statement in the Council on May 8th, 1906, in presenting the estimates of receipts and expenses for the financial year 1906-7, said :—

“ I may remind the Council that they inherited from the School Board an education rate of 15d. in the £. **In three years it has been increased by the Council by 4d. It is now 19d., and that by no means expresses the limit to which the education expenditure is tending.** If I might say one word, surely it is worth the Council's while, when it is considering education, at all events to try to practise economy in such matters as expensive sites and decorated buildings.”

The total of the General plus the Special County Rates, as will be seen from the above Table (F.), has increased from 12·53 pence in the £ in 1890 to 17 pence in the £ in 1907 : **an increase of 35 per cent.** The maximum was in 1905, when the total of these two rates was 17·75 pence in the £.

The receipts from Imperial subventions are as follows :—

(TABLE H.)

Year.	Exchequer Contributions.*	Capital Expenditure.†
	£	£
1890-1	537,815	642,000
1891-2	622,897	624,000
1892-3	537,309	858,000
1893-4	524,848	1,644,000
1894-5	460,557	1,501,000
1895-6	517,728	1,517,000
1896-7	505,676	1,696,000
1897-8	568,927	2,255,000
1898-9	588,600	2,603,000
1899-00	664,487	2,484,000
1900-1	586,519	3,895,000
1901-2	559,105	4,508,000
1902-3	541,381	5,869,000
1903-4	535,558	3,563,000
1904-5	518,049	4,259,000

* Statistical Abstract for London, No. 937, pages 66-67.

† Financial Abstract, L.C.C.

The Growth of Expenditure.

The main features of the figures in Table (F.) are that—

- (a) The rate has risen $4\frac{1}{2}$ d. since 1889-90, but the rate of increase has been most rapid since 1899-00. Contrasting the year 1902-3 with the present year, the rate (exclusive of education) has increased by $1\frac{1}{2}$ d. in the £.
- (b) The sum raised from the rates *decreased* in the early years of the Council, but rose steadily after 1893-4.

Increase, 1895-6	...	...	£161,460
„ 1896-7	...	...	£100,195

Then the amount fell again in 1897-8, and no remarkable change came until 1900-1, when the figures rose by leaps and bounds.

Since 1900-1, there has been a large annual increase in the amount of the rates raised, which has shown no diminution as contrasted with the last preceding years, except in the year 1905-6.

Between 1890-1 and 1899-00—a period of nine years—the amount extracted from the ratepayers' pocket rose by £323,642, or at the rate of £35,960 a year. During the next seven years (*i.e.*, 1900-1 to 1906-7) the increase was £792,000, or at the rate of over £113,000 a year. Truly, Progressive rule means progressive rates!

How the Increase is made.

The enormous increase of the individual ratepayer's burden since the Council was established in 1889 is not apparent from a mere scrutiny of the actual rise in the rate, which, in itself, is alarming. The contribution of the ratepayer to the London County Council has been increased in two ways:—

1. By a rise in his rate;
2. By increasing the assessment of his house.

That is to say, the ratepayer, in order to estimate the growth of his local tax, must have regard not only to the rise in the rate, but must compare the present rateable value of his house with the rateable value of it, say, ten years ago.

The Growth of Assessments.

A memorandum of the evidence of the Statistical Official of the London County Council, submitted some years ago to the Royal Commission on Taxation, disclosed the remarkable growth in assessments of property. "From these estimates it appears that property built prior to 1871, and valued in 1871 at £19,650,743 is now (1897-8) valued at £25,131,840, *an increase of £5,481,097, or 22 per cent.*" The memorandum further stated that between 1878-9 and 1893-4, the estimated amount of rates upon this same property had increased from £4,596,969 to £6,184,469, or £1,587,500—34 per cent.

The fact has to be impressed upon the public that it is not the amount of the rate alone which affects Londoners, but also **the amount on which the rate is assessed.**

During the past 17 years the London County Council have devoted much care and huge sums of money in keeping up assessments. A 1d. rate produced in London in 1889, £131,600; to-day it produces £181,157; so that the increase in 17 years has been £49,500—equal to 38 per cent. In other words, a 1s. 5d. rate to-day provides £840,000 more for the London County Council to spend than it would have done 17 years ago. It is, needless to say, the London County Council, and not the ratepayers, who benefit by these increased assessments.

The quinquennial valuation this year (1906) has provided £137,000 more to spend, and has saved the levy of a rate to that extent. How long this forcing up of assessments is to last is one of the important questions of the day. Ultimately, if persisted in, the effect of constantly increasing individual assessments must be to induce those who suffer in consequence to leave London, and live or set up their industries elsewhere.

The following table shows the average rise in rateable value :—

(TABLE I.) RATEABLE VALUE PER HEAD OF POPULATION AND PER RATED HOUSE.

(Statistical Abstract for London, 1905, pages 92 and 93.)

RISE IN RATEABLE VALUE.

Year.	Per Head of Population.			Per Rated House.		
	£	s.	d.	£	s.	d.
1892	7	15	9	Not given.		
1893	7	15	8	Not given.		
1894	7	15.	10	57	17	0
1895	7	15	10	58	3	10
1896	8	1	6	60	12	0
1897	8	1	9	60	9	10
1898	8	2	0	61	7	4
1899	8	2	5	61	8	5
1900	8	6	1	61	12	10
1901	8	14	9	65	14	7
1902	8	16	0	66	4	7
1903	8	14	9	65	7	11
1904	8	18	7	66	6	10
1905	8	19	2	66	18	11

TABLE (J.) SHOWING THE YEARLY PRODUCE OF THE GENERAL COUNTY RATE AND OF THE SPECIAL COUNTY RATE.

Year ended 31st March.	Yearly Produce of Rates Levied. (a)	Yearly Increase or Decrease of Total Produce. (b)
	£	£
1890	1,857,000	...
1891	1,719,000	-138,000
1892	1,583,000	-136,000
1893	1,693,000	110,000
1894	1,777,000	84,000
1895	1,935,000	158,000
1896	2,096,000	161,000
1897	2,196,000	100,000
1898	2,062,000	-134,000
1899	2,086,000	24,000
1900	2,042,000	-44,000
1901	2,226,000	184,000
1902	2,432,000	206,000
1903	2,530,000	98,000
1904	2,779,000	249,000
1905	2,969,000	190,000
1906	2,886,000	-83,000
1907	3,018,000	132,000
Total	39,886,000	1,696,000 -535,000
Yearly Average		1,161,000
5 years (1890-1894)	1,726,000	...
„ (1895-1899)	2,075,000	349,000
„ (1900-1904)	2,402,000	327,000
3 years (1905-1907)	2,958,000	556,000

The above receipts from the General and from the Special County Rates do not include receipts from the Education Rate, Exchequer Contributions, grants under the Agricultural Rates Act, etc. The proceeds of the Education Rate levied by the London County Council were:

1905 (half-year)	...	£1,391,000
1906 (whole year)	...	3,124,000
1907 (whole year)	...	3,442,000

N.B. :—The yearly produce in column (a) of Table (J.) was £1,726,000 during 1890-1894 and £2,958,000 during 1905-1907. It was £1,857,000 in 1890 and £3,018,000 in 1907 : an increase of £1,161,000.

The General County Rate produced £1,638,000 in 1890 and £2,581,000 in 1907 (estimate) : an increase of 57 per cent.

TABLE (K.) SHOWING THE YEARLY PRODUCE OF THE GENERAL
AND OF THE SPECIAL COUNTY RATES PER 1000 OF THE
POPULATION OF THE COUNTY OF LONDON.

Year ended 31st March.	Population.* (a)	Produce of the General and Special County Rates. As in preceding Table. (b)	Amount of (b) per 1000 of the Population in (a) (c)
	Persons.	£	£
1890	4,105,000	1,857,000	453
1891	4,147,000	1,719,000	414
1892	4,191,000	1,583,000	378
1893	4,221,000	1,693,000	401
1894	4,252,000	1,777,000	418
1895	4,284,000	1,935,000	452
1896	4,315,000	2,096,000	486
1897	4,347,000	2,196,000	505
1898	4,379,000	2,062,000	471
1899	4,411,000	2,086,000	473
1900	4,444,000	2,042,000	460
1901	4,476,000	2,226,000	497
1902	4,510,000	2,432,000	539
1903	4,543,000	2,530,000	557
1904	4,576,000	2,779,000	607
1905	4,610,000	2,969,000	644
1906	4,644,000	2,886,000	621
1907	4,678,000	3,018,000	645
Yearly Average			
5 years (1890-1894)	4,183,000	1,726,000	413
„ (1895-1899)	4,347,000	2,075,000	477
„ (1900-1904)	4,510,000	2,402,000	533
3 years (1905-1907)	4,644,000	2,958,000	637

* Excluding the City of London, where the Special County Rate is not levied. The population of the City of London is approximately 7 per 1000 of the population in column (a).

N.B.—The above rates were £453 per 1000 of population in 1890, and £645 per 1000 in 1907. They were £413 per 1000 of population during 1890-1894, and £637 per 1000 during 1905-1907. Observe the large increase in column (c) during recent years.

The Effect of High Rates.

One important effect of high rates is to drive the better class of householder and many industrial concerns out of a highly-rated district into a less-rated area. Such a migration seriously damages the social and commercial status of the district abandoned. This outward movement has begun in London, and gathered considerable impetus during the last two years.

How seriously the rise in rates affects commercial undertakings is shown by the figures in the Railway Returns of the United Kingdom for the year 1905 (Cd. 3106 of 1906, at page xv.), issued in October, 1906. These Returns state that "the amounts of 'Rates and Taxes' paid by the railway companies in each year since 1896 have been as follows:—

Year.				Total amount of Rates and Taxes.	Increase compared with previous Year.
				£	£
1896	..	...	...	3,149,000	—
1897	...	...	...	3,294,000	145,000
1898	...	...	...	3,425,000	131,000
1899	...	...	...	3,582,000	157,000
1900	...	...	...	3,757,000	175,000
1901	...	...	...	3,980,000	223,000
1902	...	...	...	4,228,000	248,000
1903	..	...	...	4,493,000	265,000
1904	...	...	...	4,736,000	243,000
1905	..	...	...	4,933,000	197,000

"There has thus been," continues the Report, "in the nine years a total increase of £1,784,000 in this item. As compared with the 1896 total, the sum paid by the Railway Companies under the head of Rates and Taxes in 1905, shows an advance of about 56 per cent."

The same Returns state that the cost per train mile on account of Rates and Taxes for 1904 equals 2·86d., and for 1905 2·95d., showing an increase of 0·09d. over the preceding year.

The largest increase in the cost per train mile for the year 1905 is under this item of "Rates and Taxes." *

Shareholders in all British industrial undertakings should note that the ever-growing rates are a heavy tax on dividends. A further consequence is that an increase in the rate of wages of the employees is materially retarded.

Another and, perhaps, more important consequence of high rates is the rise in the price of food, and all commodities sold by traders. This is a point not seen by the ordinary householder. Professor Courtney, now Lord Courtney, one of the economic experts consulted by the Royal Commission on Local Taxation, thus describes the effect of rates on shops and trading premises. The rates on shops are borne by the customers. "For," said Professor Courtney, "if these rates were removed, the trading profits would be *pro tanto* increased, and the competition between those engaged in the trade and of others ready to enter into it would bring down prices, and thus secure the ultimate benefit passing to the customer. In like manner, if the rate is increased, the customer has eventually to pay for it by an increase in the price of the goods."

* NOTE.—On this subject see also LONDON MUNICIPAL NOTES for August, 1906, pages 53 to 55.

L. C. C. FINANCE.

PART II.

The Chief Issue before the Electors.

The Municipal Reform Manifesto, dated December 4th, 1906, thus calls attention to the grave issue relating to expenditure:—

“On the 2nd of March, 1907, the ratepayers of London will be called upon in their respective Boroughs to send to the London County Council a number of representatives who will, for a period of three years, have it in their power to levy a rate falling upon every house, every shop, and every commercial industrial undertaking to any amount which may seem good to them.

“... We make an earnest appeal to the patriotism and good sense of London ratepayers not to shirk, on this occasion, a plain civic duty. We make this appeal in no narrow spirit of mere Party bigotry. We appeal to the sound common-sense and business experience of those who are not blind political partisans. We implore all sober-minded citizens to look most carefully before they take the leap **into the ocean of fathomless expenditure** to which they are being hurried forward by the wildest spirits of the Progressive Party, notwithstanding the grave warnings of their elders.

“Since the London County Council was established, the Progressive Party has always ruled the rate of expenditure, and

has so ruled it as to make much of such expenditure reckless and unremunerative.

“Notwithstanding the appalling growth of the ratepayers’ burden, and heedless of the warning cries of some of their own leaders, the Progressive Party again come forward with a programme involving a heavy increase of the rates and a huge addition to the debt of London.

“The result of this Progressive policy must be disastrous both to the home and industrial life of London. **Industries will be driven out; the number of the unemployed will be increased; commerce will be crippled; trade will diminish; houses will remain empty; for those who cannot move, rents will be raised; and thousands of the smaller people will be ruined. Every Borough in London will become a second Poplar, with rates at 12s. or more in the pound. Every Municipal enterprise undertaken by the London County Council will be run on the lines of the Thames Steamboat Service, which resulted in a dead loss of £52,000 in one year.**

“Instead of having a submerged tenth, there will remain only one-tenth who will not be submerged, unless London ratepayers go to the poll on March 2nd, and put a check to this Progressive policy.”

The Economic Effect of Municipal Taxation and Debt.

“Nations,” said the late Professor Lecky, the historian, “seldom realise until too late, how prominent a place a sound system of finance holds among the vital elements of national stability and well-being; how few political changes are worth purchasing by its sacrifice; how widely and seriously human happiness is affected by excessive, injudicious, and unjust taxation.”

The huge burden of debt and rates resting not only upon London but upon the whole of England, is a serious danger to the happiness and prosperity of the people.

National v. Local Debt.

The following table (Local Taxation Returns, 1903-4) shows that the weak spot in our national finance lies in the recent stupendous growth of municipal debt :—

Year.	National Debt.		Local Debt of England and Wales.	
	(Millions)		(Millions)	
		£		£
1874-5	...	767 $\frac{1}{4}$	...	93
1903-4	...	794 $\frac{1}{2}$	...	394
		<hr/>		<hr/>
	Increase	27 $\frac{1}{4}$	...	301
		<hr/>		<hr/>

Sir Robert Giffen, K.C.B., formerly Controller-General of the Commercial, Labour, and Statistical Departments of the Board of Trade, in the course of an article entitled "The Prospects of Liberal Finance," published in *The Nineteenth Century and After*, for June, 1906, makes the following important observation bearing on local taxation and finance :—
" People are excited over a National Debt which amounts to no more than half a year's income of the taxpayers who are liable, but they calmly allow in local affairs borrowing to four times the extent, or twice the income chargeable."

The average amount of rates per head of the population collected in 1903-4 was, according to the Local Taxation Returns,

	s.	d.
London	60	8
County Boroughs	31	6
Other Boroughs, Urban Districts, &c.	24	6

Londoners are, therefore, paying double the amount of rates per head of the population that is being paid in large provincial towns. The advantages derived from Progressive administration in London are certainly not double those given by municipal government in the County Boroughs.

THE HOUSEHOLDER'S BURDEN.

Taking the average family as consisting of six persons, the amount of rates **per family** in London is £18 4s. 0d. per family.

The wives of working men know too well that heavy rates press most cruelly upon the industrial classes.

The **first** effect of rising rates is that, where a family do not pay rates direct, there is an increase of rent, because the landlord, who pays the rates on behalf of the tenant, and collects it in his rent, says quite truly—"If the rates go up, your rent must go up, too." Rents have risen very considerably all over London in the last ten years.

The **second** effect of high rates is that (as is shown at the end of the last chapter in L.C.C. Finance, Part I.) the cost of food and clothes and of all the necessities of life is raised. Rates constitute a heavy tax on food.

The indirect effects of increased rates were well summed up in *The Standard*, in a leading article on October 31st, 1906, which said :—

"Let each and all remember that it is not only the exasperating call of the rate collector upon himself which is in question. **Increased rates mean increased cost of every lump of coal he places on his fire, of every chop or muffin he consumes, and every shirt he puts on his back.** Moreover, the burden of the rates is demonstrated by the house agents' boards now so dismally common, not only in Kensington, but, as the article we publish to-day shows, in Hackney."

Lord Avebury on the Causes of Unemployment.

Lord Avebury, writing to a correspondent, says :—

"The want of employment is, in my judgment, due to several causes : (1) The enormous increase in our national expenditure, and especially in our military and naval preparations : (2) **the equally great increase in our municipal expenditure** ; (3) the expectation held out that people will be provided for whether they work or not ; (4) as regards London the tendency has been to tempt people up from other districts. Emigration would take away the best of our working classes,

leaving the loafer, the less industrious, and the least energetic at home. The constant increase in wages shows that there is a demand here for good workmen."

—*The Morning Post*, November 1st, 1906.

The Effect on Employment.

(1) LOANS.

The huge sums of money borrowed by the London County Council in the last six years (over 26 millions of stock have been issued by the L.C.C. since 1899) has a bad effect upon trade and industry. In order to develop industries, it is necessary that money should be available in the money market at cheap rates. If traders can borrow money cheaply then they extend their trading concerns, and thus give employment to many thousands of workmen. The present stagnation of trade in London is largely due to the constant sopping up of money by municipal authorities. Directly the money market becomes "easy," the L.C.C. rushes in and absorbs all that capital which ought and would, but for their intervention, have been applied to industrial enterprises.

It would be well if the working classes thought a little upon the following passage from Professor John Stuart Mill's "Principles of Political Economy":—

"If the capital taken in loans is abstracted from funds either engaged in production, or destined to be employed in it, their diversion from that purpose is equivalent to taking the amount from the wages of the labouring classes."

(2) RATES.

The injurious results to the industrial classes of London caused by high rates are seen in various ways.

Sir Robert Giffen, the eminent statistician, states in an article in *The Contemporary Review* for January, 1905, that when rates are 7s. and 8s. in the £, "both Local finance and Imperial finance must be in difficulties, whatever the general taxable resources of the country may be."

The Effect on the Building Trade.

Rates are levied upon house property. The following extract from a letter in *The Westminster Gazette* of September 10th, 1906, shows the **disastrous effect of too heavy taxation on the London Building Trade** :—

“ . . . it was disheartening to find you attributing the depression in the building trade to the expenses of the Boer war.

“ For at least ten years those who have opposed municipal extravagance have predicted as one of the inevitable results a crisis in the building trade, and now that the crisis is close on us it is attributed to some other cause.

“ With sincere respect for your leader writer, I should have thought that a **policy which has resulted in increasing the annual burden on occupied houses by 30 per cent. in ten years could not fail to check building operations.** For my part, I believe the crisis will be long, severe, and almost universally felt in all boroughs where the rates have largely increased.

“ The trade returns, the income tax returns, the universality of employment at high wages, show that there is no want of money or of profitable enterprise in the country. The general public, particularly the middle class, are housing themselves as best they can with a single eye to avoid any increase in rates which they can ill afford, and which they almost passionately resent as a cruel and unjust imposition.” .

The building trade is one of the principal trades in London, giving employment to over a hundred thousand workmen. It has, however, been practically killed by Progressive rates, and large numbers of men are out of work in that particular trade.

For example, according to the Board of Trade *Labour Gazette* for December, 1906,—in London 8·2 per cent. of carpenters and joiners were unemployed at the end of November, 1906, whilst the percentage unemployed of Trade Union carpenters and joiners for the whole of the United Kingdom was 6·9. As regards bricklayers, masons, plasterers, painters, &c., the same report states that “ in London, employment was slack generally. With stonemasons it was reported as worse than a year ago.”

The Effect of High Rates on Industry.

Viscount Ridley, speaking in the House of Lords on May 8th, 1906, said :—

“It is from the point of view of the heavy burden of the rates on the industrial community that I wish to say a few words. The burden of the rates falls very largely on industry, and the cases of removal, of which Messrs. Yarrow's is an example, are common. The evil effects of this burden falling upon industry are experienced, not only by the employer and the employee, who loses his occupation, but with great and increasing severity by those who remain in the district. If the present position is compared with that of a year ago it will be found that the percentage of empty houses in the London County Council area has risen from under two to four per cent. This is obviously a serious matter, for as the proportion of empty houses increases the rates fall with greater severity on those remaining. It is not only in the case of one class of industry or in one district that the effect of the rates is to penalise British industries. Within the last ten years the amount of money paid by the great railway companies in England has risen by something like 60 per cent. Whereas ten years ago they paid £173 a mile in rates, they now pay £283 a mile. Railways in other countries pay much less. It may interest your Lordships to know that in the United States the average amount paid in rates is £61 per mile, against £283 here. I do not for one moment suggest that the circumstances are precisely similar, but the fact is one which calls for careful investigation.”—[Extracted from the Official Reports.]

Sir J. W. Benn on the Effect of High Rates on Industries.

Speaking in the House of Commons, on May 17th, 1905, during the discussion in Committee of the Agricultural Rates Bill, 1905, Sir J. W. Benn, M.P., L.C.C., stated: “The position of the London ratepayers had become critical. . . . The increasing rates of London were driving away industries by the dozen.”

Businesses Driven Away.

Mr. E. G. Von Glehn, speaking at the Conference of the London Municipal Society held in the Caxton Hall on July 20th, 1905, said :

“He had been trading in Poplar for the last nine years, being a Director of a Company situated in that locality, and he spoke with a

little experience as to what was happening there. He had been down to his works that day at Bow on the River Lea, and he had looked across the river, and he saw a large engineering works empty, with a notice up, 'These Works to be Let,' he looked on the left and he saw a similar notice, 'This Wharf to Let.' That was what was happening in Poplar. He had had a conversation recently with one of the officials in the Town Hall, and the official had told him that what they call 'empties' in Poplar accounted for about 1s. in the rates which they were paying, that was to say that **those who were remaining in the district were paying an extra shilling on account of the empty places.**"

Lloyd's Weekly News, in an article entitled "What High Rates mean to Stratford," on October 28th, 1906, says :—

"Considerable stir has been caused in Stratford and the neighbourhood by a persistent rumour that the Great Eastern Railway contemplate moving their locomotive works to Ipswich.

"When it is stated that nearly three thousand people are employed at these works, and that some six or seven thousand would be directly affected, it is easy to understand the anxiety to which the report has given rise.

"It is proposed that a deputation on the subject should wait on Lord Claud Hamilton, the chairman, whose recent speech seems to have been largely responsible for the report. Meantime a representative of *Lloyd's* has seen the general manager in order, if possible, to find out the truth. He gleaned that the idea has actually been before the board, but that the question will only be seriously considered if the rates of the district go any higher. They have advanced in recent years to a point which the directors are beginning to regard as oppressive. In any case the move could not be undertaken precipitately. The Stratford works cover an area of between thirty and forty acres, and their transference would be a gigantic affair. **To Stratford such a move would spell nothing less than ruin.**"

"Lloyd's Weekly" on the Burden of the Rates.

Lloyd's Weekly News, in an article on the Borough Council Elections on October 28th, 1906, says :—

"The burden of the rates, which have in some places touched the terribly high figure of 12s. in the pound and threatens to go up in all directions, has naturally awakened a desire for economy. Whether this will bear fruit in driving electors to the poll in larger numbers than heretofore remains to be seen. London wants to continue in the path of progress, but all the same **a wise discretion in financial**

affairs, especially in regard to borrowing more money, is urgently needed. The fact should lead voters in every district to support only those candidates who have well satisfied them that they are the men most likely to work for the general good of the community."

The fact that *Lloyd's Weekly News* thus recognises the need for discretion, is eloquent testimony to the serious plight to which the Progressives have reduced the finances of London.

The Case of Poplar.

The following extracts from the Poplar Report (Cd. 3240 of 1906) show strikingly what high rates lead to.

[The pages are those in the Official Report.]

The Report states:—

"The following statistics, taken from the census returns and the County of London valuation lists for 1891 and 1901, show that the growth of population and rateable value in the union has been slow:—

	1891.	1901.	Average yearly increase.
Population ..	166,880	163,822	194
Inhabited houses ...	21,982	22,613	63
Rateable value ...	£692,705	£781,586	£8,888

"The rateable value in 1905 had risen to £818,944, showing an average increase of about £9300 a year from 1901 to the present time. So far as the growth of population and rateable value are concerned, the position of Poplar is much the same as that of the neighbouring unions" (page 7).

The Report goes on to state that Mr. Crooks and Mr. Lansbury became Guardians in 1893 (page 38), and that the number of indoor paupers rose from 2623 in 1894 to 3465 in 1904—of outdoor paupers from 2295 in 1894 to 3677 in 1904 (page 3).

In 1894, the cost of indoor relief in Poplar was £34,698. In 1904, it was £60,142 (page 3).

In 1894, the cost of outdoor relief was £12,395. In 1904 it was £24,399 (page 3).

On January 1st, 1895, the pauperism of Poplar was 2·80 per cent. of the estimated population, while that of the whole of the

Eastern District of London was 2·52 per cent. On January 1st, 1905, the figures were 6·70 for Poplar and 3·61 for the Eastern District. The pauperism of the whole Metropolis was 2·38 and 2·64 per cent. on those dates (page 9).

The following figures, states the Report, show the increase of the indebtedness of the district between 1900 and 1905. The outstanding loans of the Guardians and of the Borough Council were:—

	March, 1900.	March, 1905.
	£	£
Guardians ...	82,303	182,710
Borough Council ...	276,777	529,301 (page 10).

As already stated, it was found necessary at the beginning of 1905 to issue a Provisional Order increasing the borrowing power of the Guardians (page 10).

In reviewing the changes that have taken place of recent years in the industries, and the character of the work done, in Poplar, the Report notes the large number of women who obtain a casual employment in the match-making, jam-making, and other local industries (page 8). These women are employed to work either at their own homes or in factories at piecework by the day; they do not know from day to day whether they will be employed or not, and their wages are alleged to be deplorably low. Mr. Crooks said: "The employer of labour, if he can take a woman on for three days will not run the risk of paying her a full week's money." Many of these women are either directly or indirectly in receipt of poor law relief. Indeed, the suggestion was made that some would not work more than one or two days a week, trusting to the rates for the rest of their maintenance (page 8).

It would appear that the whole system of casual labour is largely based on the out-door relief received by the workers. Mr. Lansbury said at the Inquiry: "I strongly hold that we are subsidising casual labour whatever it is, whether one form or another, not specifically at the Docks" (page 9).

If no out-door relief were given it seems evident that the employers would have to pay more wages and give more regular

work. It might be worth an employer's while to pay the heavy rates exacted in Poplar, because in return there is maintained out of those rates a reserve of cheap and convenient labour upon which he could draw when he pleases (page 9).

It seems clear that the giving of relief not only perpetuates the system of casual labour but tends to keep wages down. It must be remembered that relieving officers often experience great difficulty in ascertaining whether applicants for relief are casually employed (page 9).

The Report goes carefully into all available statistics and evidence to ascertain whether the increased and excessively high rate of pauperism in Poplar is due to local and inherent causes or to the mode in which the Poor Law is administered there, and comes to this conclusion :—

On the whole, the evidence seems to show that, although Poplar is poor, it is not quite the poorest part of London ; that, though the proportion of casual labour is high, it is not quite the highest, and that, therefore, the disproportionate pauperism, and the exceptionally high rates of Poplar, are due rather to the administration of the local authorities than to the exceptional poverty of the district. The Guardians of the East End unions have no doubt a difficult task to perform, but there can be no reasonable doubt that if the neighbouring districts had administered their local affairs on the same lines as Poplar their pauperism and their rates would have increased in something like the same proportion ; whereas practically the whole increment of pauperism in the East and South districts of London, which has occurred within the last few years, has been in the Poplar district (page 10).

The Effect of High Rates on the Social Condition of the People.

Rates, or indeed any form of taxation, when levied beyond a certain amount, begin to injuriously affect the social condition of the people.

Professor Shield Nicholson, in his "Historical Progress and Ideal Socialism," states this point very clearly. He regards excessive taxation as "one of the causes of the decay, and even of the destruction of nations" (p. 27). "Whenever these burdens (*i.e.*, rates and taxes) get beyond a certain amount, it means nothing less than the ruin of the nation. The examples are so numerous that it seems useless to cite any. By excessive taxation, Rome ruined her provinces and shattered her empire; France accumulated the miseries that broke into the great Revolution; Turkey laid waste the most fertile regions of the earth. At this moment Italy is smouldering with discontent, and even the vigorous colonies of Australia feel their progress checked through the immoderate expenditure of the State. It is true that the evils of excessive taxation are to some extent mitigated if the proceeds are spent for the apparent good of the people—for education, secular and religious, for the relief of the poor, for the employment of the unemployed, or for national defence. **But although the evil may be mitigated, all history shows that, for whatever purpose taxes are imposed, there is a limit beyond which there is a rapid fall through decay to destruction**

"Stripped of all disguise, the very object of Socialism is to impose taxes beyond the limit ever yet attempted by the rapacity and audacity of governments No better device could be imagined for checking industrial progress, as is proved by the history of every country. It would be to introduce a creeping paralysis."

The Progressive claim that the excessive rates laid on London have improved the condition of its inhabitants is open to grave doubt.

As we have already seen, high rates drive away trade and increase the cost of living. High rates also make the struggle to live much harder. The strain and worry to earn a living is, indeed, vastly increased. That London is happier as the result of Progressive administration is not true.

Increase in London Pauperism.

The following figures and tables are taken from the Government Blue Book on Pauperism (England and Wales) No. 272 of 1906. At page XIV., we find the following figures:—

LONDON ON JANUARY 1ST.

Year.		Indoor Paupers.		Outdoor Paupers.
1882	...	53,501	...	43,381
1892	...	61,475	...	37,332
1901	...	68,548	...	39,930
1902	...	70,473	...	42,335
1903	...	73,254	...	44,899
1904	...	75,585	...	44,311
1905	...	78,105	...	52,753
1906	...	80,284	...	50,836

These returns show a steady increase in Indoor Paupers.

The average for the 3 years 1901-3 was 70,758

„ „ 3 years 1904-6 was 77,991

An increase of 7,233

With regard to Outdoor Paupers—

The average for 1901-3 was 42,388

and the average for 1904-6 was 49,300

An increase of 6,912

The average per 1000 of the estimated population in London was for 1904-6, 27·31, as against 24·75 for the previous 12 years.

Outside London, Pauperism has decreased instead of increasing.

The average per 1000 of estimated population for England and Wales was for 1904-6, 24·0, as compared with 27·31 in London; and was for the previous 12 years 24·17, as compared with 24·0 in the last three years.

To such a charge the Progressives invariably retort that the late South African War is the real cause of this unemployment and pauperism; and seek to impute it, not to their own delinquencies, but to the alleged iniquities of the late Unionist Government.

That the War is not the cause is sufficiently refuted by the following:—

The Daily News in a leading article, on November 21st, 1905, referring to the question of the unemployed, says:—

“ . . . It has to be remembered that **the case was serious in 1893 before there was any idea of the South African War**, and when the Liberal Party was responsible for the Budget.”

In Kensington, Liverpool, on January 25th, 1905, Mr. J. Keir Hardie, M.P., the Leader of the Labour Party, said:—

“ All sorts of fantastic explanations were brought forward concerning unemployment. The recent war in South Africa was given the other night by Mr. Morley to his constituents. It was the most fantastic explanation to which he had yet seen any public man commit himself. During the war he said numbers of men were drawn into the labour market. When the war ended, the abnormal demand for their labour ceased, and then men were thrown out of employment. Mr. Morley seemed to have overlooked the fact that, if they were drawn into the labour market by the war, it must have been out of the ranks of the unemployed, and that, consequently, **the war was not the cause of the men being unemployed.**”—*Liverpool Post* (R), January 26th, 1905.

High Rates and the Working Man.

In a letter to *The Daily News* of November 14th, 1906, Mr. W. Hutchens wrote as follows:—

“ I have read with much interest Canon Horsley's letter regarding ‘The High Rate Bogey.’

While it cannot be considered by the landlord or tenant a very great hardship to pay an extra $\frac{1}{2}$ d. or 1d. in the £ on his rates, it is the continued levying of these small amounts that cause the discontent prevalent amongst ratepayers. I have given here a **statement of rates paid on a £24 assessment during the past seventeen years**, by which it will be seen that the rates have increased by £3 per annum, or about 1s. 2d. per week, which does not only deprive a

working man of a daily paper, but would go well towards his bread bill (even if you only take the last four years), and would fully justify the landlord in increasing his rent to those of his weekly tenants.

Year.					
1889-90	...	...	...	...	£6 8 0
1890-91	...	...	...	...	6 10 0
1891-92	...	...	...	...	6 16 0
1892-93	...	...	...	...	7 6 0
1893-94	...	...	...	...	7 10 0
1894-95	...	...	...	...	7 8 0
1895-96	...	...	...	...	8 0 0
1896-97	...	...	...	...	7 10 0
1897-02	...	...	...	...	7 12 0
1902-03	...	...	...	...	8 12 0
1903-04	...	...	...	...	8 4 0
1904-05	...	...	...	...	8 16 0
1905-06	...	...	...	...	9 0 0

"I am not writing this to justify the landlord, but in order that the facts should be fully stated, as one is continually being told that it is only a $\frac{1}{2}$ d. or 1d. in the £."

Rate Summonses.

One of the best tests of the burden of the rates is provided by the evidence of the number of persons who are unable to pay them. The figures are astounding. Unfortunately it is not possible to give a complete statement representing the whole of the Boroughs of London, but the number of persons summoned in the following representative Boroughs will convince any impartial man or woman that the rates are heavier than the poorer classes can bear.

The following are the figures with regard to the number of summonses issued :—

				For the Period September 30th, 1905, to March 31st, 1906.
Borough of Finsbury	...	...	...	5,652
„ Stoke Newington	...	...	...	3,738
„ St. Pancras	...	...	...	10,670
„ Kensington	...	...	...	3,962
„ Lewisham	...	...	...	4,964
„ Lambeth	...	...	...	26,041
„ Hackney	...	...	...	30,000
„ Hammersmith	...	...	...	4,725
„ Marylebone	...	...	...	2,600
„ Greenwich	...	...	...	1,440
„ Chelsea	...	...	...	3,041
„ Hampstead	...	...	...	2,550
„ Westminster	...	...	...	1,800
„ Bethnal Green, about	...	...	...	3,500
				<hr/> 104,683 <hr/>

„ Camberwell, no return is available. The receipts from summonses and warrants for this Borough for the year ending 31st March, 1906, amounted to £1078.

Some small percentage of these returns must be deducted on account of "Passive Resisters," but financial inability rather than "religious" or political hostility, was the cause of non-payment in an overwhelming majority of cases.

The figures show that in 14 Boroughs no less than 104,683 summonses were issued against ratepayers for non-payment of rates during the short period of six months.

The Tragedy of the Rates.

In a letter to *The British Weekly* of November 15th, 1906, Miss M. L. Johnston wrote as follows:—

"In connection with the subject of burdensome rates, so sympathetically discussed in *The British Weekly* of November 8th, may I tell your readers about three poor women whom I found in Holloway Goal, when I was there as a passive resister? They were imprisoned there because, work as hard as they might, they could not earn enough to pay their rates.

"The first was a Scotswoman, born, brought up, and married in Aberdeenshire, but long resident in London. She was a widow, sixty-seven years of age, living in a house left her by her late husband, trying to make both ends meet by taking lodgers. But times had been hard, her lodgers did not pay her, and what could an aged woman of sixty-seven do? She got behind and could not pay her rates. She could not sell her house, neither might she be distrained upon. She was sent to prison, for twenty-eight days. Poor old body! She wore such a sad, far-from-home look! Little wonder! She told me that when she first came in she had been shouted at and pushed about because she did not understand the orders given. I could believe her, having had the same experience the first time I was in prison—though not the second. One thing struck me as very pitiful; although she was plainly ashamed of being in prison, she dreaded the home-going, because another demand note would arrive almost as soon as she got home!

"I found another widow in prison for her rates. She was also over sixty, and had to make her own living. She had lived for thirty-six years, first as wife then as widow, in the house for which she was rated. But at last she had failed to make enough to pay those terrible rates.

"That widow's home had been taken from her article by article till, as the bailiff himself said, there was nothing left worth taking. Then

she was sent to prison for twenty-eight days. She told me she had gone up to ask for time to pay.

“‘Oh, this is chronic! You’re all alike! No, you can’t have any longer,’ was shouted at her, and she declared nothing would ever induce her to go up before these men again. She was a timid, shrinking old lady, and had felt the treatment keenly.

“The third case was the cruellest of all. She was a quiet, reserved woman, and her story was only confided to me while we were together going through the long process of release. Locked into five different cells on our way from our cells to freedom, we had about two hours in which to converse. I noticed that the woman was almost beside herself with impatience to get out. I expressed my sympathy, and she explained that she had left six children at home. With a shamed look, she added that she had a bad husband who did not help her in any way. She had not only to care for the children, but also earn the living. She had a life-interest in the house they all lived in—it was to go to the children at her death. Meanwhile she carried on a small business to support her six children, all too young to leave school. She had a hard struggle, doing a man’s work and a woman’s, too.

“How did the community in which that brave woman lived and toiled help her? It stopped all her care of and work for her children for a week every six months, and sent her to prison because in addition to providing for her large family she could not earn enough to pay rates as well. The first time she was imprisoned for her rates she took an infant in arms to prison with her. When I met her she had left her six bairns in charge of a friend while she went off to suffer imprisonment for them. She would not take the money needed to feed and clothe them and pay rates with it. She said she had no prospect before her but that of a week’s prison life every six months.”

In a letter to *The British Weekly* of November 22nd, 1906, a “Progressive Ratepayer” wrote:—

“ . . . May I tell you my experiences as a Central London ratepayer? Since the election of 1895 I have voted steadily for the Progressives in my ward, and though too busy to be an active canvasser, whenever the County Council election came round I used my influence to induce friends to go to the poll with me. As at present advised, I intend to abstain from voting next March, for I see that the prosperity of our district depends on an early and considerable lowering of the rates.

“Let me give you two examples. Ten years ago there was, on our main thoroughfare, a large and well-conducted grocer’s shop. The proprietor had a connection among the richest people of the borough, and carriages were to be seen outside his doors every day. He was a hard-working man, whose shop was open early and late, and never have I known him absent himself from his post. About two years ago, on

returning from a holiday in the country, I was surprised to find the shop dismantled. I made inquiries, and was told that **the grocer had been ruined by the excessive rates.** Though his business was doing well, his margin of profit had vanished, and he had gone to seek new fortunes in a less heavily rated town.

“My other instance is that of a dressmaker, with whom I conversed on the rate question last week. Her house is her own property, and she has a large business. ‘I did not vote at the borough council election,’ she said, ‘because we must get these rates reduced. Since I came to this house they have been steadily growing, and as business does not increase in proportion, profits are declining.’ The lot of a West-end dressmaker is particularly hard, as her money comes in slowly and irregularly. **The crushing burden of the rates has, to my personal knowledge, driven away not a few dressmakers and milliners,** who began hopefully, and were gathering a connection in our borough.

“ . . . I was talking this week with an eminent professional man, who is also a large ratepayer. He complained bitterly that the Council had fallen into the hands of a small official ring, and that the general body of the members had very little power. We, as ratepayers, have a right to ask that our money shall be expended with care and economy. There must be no more experiments such as the Thames Steamboats fiasco. We are now amply provided with parks, open spaces, and pleasure grounds. The best servants of London for the next fifty years will be those who keep the purse-strings tightly drawn.”

Mr. G. R. Sims, in an article in *The Grand Magazine* for November, 1906, writes as follows:—

“There are certain days when the unfortunate people who are in arrears with their rates, or who consider themselves unjustly rated, come before the Rating Committee of the Borough Council and plead their cause.

“At these meetings you may hear again and again the pathetic stories of brave men and women, little householders, small shop-keepers, unflinching strugglers who, only by incessant toil, have been able to keep their heads above water. If this extra burden is laid upon them in the shape of the increased rating they must inevitably go under.

“Strong men plead sometimes with voices broken and trembling lips. They tell the story of a brave fight with Fate, during which they have been sustained by the determination to pay their way and to keep a home over the heads of wife and children.

“Women plead sometimes with streaming eyes, for on the decision of the committee rests their chance of going on and keeping the little business together that enables them to be independent of the help of relatives, often no better favoured by fortune than themselves. It may even be that the margin of profit made in the little shop stands between them and the workhouse.

"Sometimes the plea is successful, and the applicant goes away to struggle on for a year or two longer, fighting the hopeless fight against the fate that is only a question of time. But more often the answer to their prayer is, 'We are very sorry, but you must pay.' Then comes the summons and the last resource—the police-court and the magistrate.

Before the committee there was a certain amount of privacy; here there is none. The honest householder endeavouring to maintain himself and his family by his own exertions has to stand up in Court and tell his tale of poverty for all who choose to hear.

"Then it is that the secrets of the fight with Fate are laid bare. In their desperate need of money, little shopkeepers who have tried to hold their heads high, and have concealed their ill-success in trade or their poverty from their neighbours, hold out with trembling hands the pawn-tickets that represent the little household treasures, the furniture, often the clothing that they parted with in order to pay the landlord and the rate-collector.

"In a police-court, not long since, a woman, the wife of a shopkeeper in a little back street, held up to the magistrate a thin white hand. It was the left hand, and there was no wedding-ring upon it. 'I parted with my wedding-ring,' she said, 'to make up the money for the rates last time. I have not been able to get it out. I haven't had the money to spare.'

"In the same court, an old, white-headed man of nearly seventy, pleaded for a little time before his goods were seized. He would have been able just to make up the money, but unfortunately, when pressed on the last occasion for his rates he had in desperation borrowed five pounds of a loan office. He had had to pay that off because his furniture was part of the security, and when he went to renew the loan he could not show a receipt for his last quarter's rent. To pay the loan office, he had borrowed the money of a friend who happened to have it to spare for a few weeks. To satisfy the friend he had sold most of his furniture, but if the magistrate would give him a little time he would pay. He had let two of his rooms unfurnished, and he and his wife were living in one room at the back of the shop."

"From the rate-collector I afterwards heard the story of this man. He and his wife had carried on the little shop for forty years. But as the rates increased, competition increased in the little street also. On the last occasion that the rates were called for and received by the collector he found the old couple sitting at their 'dinner' in the back parlour. The dinner consisted of bread-and-cheese and toast-and-water.

"But they were paying rates which had been heavily increased in order that the Council might carry out, among other things for the benefit of the non-paying class, a magnificent scheme, which included broughams with pneumatic tyres, marble baths, and many luxurious appointments which are not yet to be found in the palaces of some of the German grand dukes.

"Many of the poor ratepayers who receive their last rebuff at the police-court break down and are incapable of further effort. They drift, some of them, into single-room poverty, starving in order to keep out of the workhouse. But they come to it at last, and there you may find them spending the evening of their days no better looked after than the wastrels and loafers who never did a week's hard work in their lives. But they generally manage to find a few respectable companions in misfortune with whom they can talk of old days and the old landmarks of an ever-changing neighbourhood.

"There is a pathetic little group in a workhouse which it is my privilege occasionally to visit. It consists of five broken-down tradesmen, who generally sit together and exchange reminiscences of happier days. Two of them were shopkeepers in a large way of business in the principal street of the borough. The other three were shopkeepers in a smaller way, but they all knew each other in more prosperous times. Every one of these unfortunates came to the workhouse broken at last by the burden of the rates. The burden laid upon them grew heavier than they could bear, because it seemed good to a body of citizens elected to safeguard the general welfare to devote themselves almost exclusively to bestowing upon one class alone benefits which to that class were, comparatively speaking, luxuries. To pay for these luxuries the class immediately above, struggling to maintain its independence and to live by its own individual effort, had often to deny themselves, not only the luxuries, but the necessities of life.

"I have quoted but a few of the cases heard before the Rating Committee and in police-courts which have come within my own personal knowledge. But these scenes of human tragedy are enacted again and again in every part of London.

"Hundreds of decent, honest, hard-working people are summoned every quarter to appear and hear their doom pronounced, standing up to be judged and sentenced—for sentence the magistrate's decision really is—where the rascaldom and infamy of the town has preceded and will follow them."

The following extracts are taken from Mr. G. R. Sims series of articles to *The Tribune* under the title of "The Bitter Cry of the Middle Classes." This appeared on July 24th, 1906:—

"Many of the municipal bodies who insist that no 'workers' shall be employed except at trade union rates of pay, and who systematically coddle their working class employés, are harsh and unsympathetic towards their clerical staff. The clerical staff of a municipal body has had again and again to work many hours of overtime without earning one farthing of extra pay. Yet not long ago, when a working man applied for outdoor relief and stated that he had come on the rates rather than accept a job at less than trade union wages he was loudly cheered by the guardians.

"A country shepherd earning 16s. a week came up to London some time ago, and, having a letter of recommendation to a borough councillor, was put on as a road sweeper, and given nearly 30s. a week—to be exact, 28s. 6d.

"A clerk, a man of education employed by the councillor whose influence had obtained the shepherd the job, had to write to the councillor's friend in the country informing him that his protégé had been placed. The clerk, encouraged by the generous transaction, asked for a rise of salary. He was getting 25s. a week, and he asked for 28s. His request was curtly refused. He thought the situation over, and suggested that perhaps his employer would get him taken on as a road sweeper, as that would mean 6d. more than the rise he asked for. He received a fortnight's notice for 'impertinence.'"

Compounding for Rates.

It is important to make clear to everyone that rates are paid by everybody. This was dealt with in an article which appeared in *The Daily Mail* on the 16th October, 1906, from which is taken the following extract:—

"The man who exclaims: 'I don't pay rates. The L.C.C. does not trouble me!' only fools himself. We all pay rates. Practically every man and woman in London is being plundered by the 'Progressives' to-day, and the coming election is everyone's concern. Everyone will be richer or poorer by it.

"We all pay rent, and our house is rated. Do not imagine that if your landlord pays the rates personally he is going to make you a present of the amount. He gets it back in his rent, of course. So when rates rise, your rent sooner or later rises too. If you drive out the Progressives this time, rates will fall. The Municipal Reform candidates are business men, and will turn Progressive methods inside out. The rates will fall, and your landlord will want less rent. If the wasters go back on March 2nd, the rates will rise, and you will very quickly find that your landlord will want more rent.

"The young City man who pays 20s. a week for rooms would in various parts of London get those rooms for 15s. or less, were it not for the rates; the artisan who pays a rent of 11s. pays, according to the district in which he lives, anything up to 3s. 8d. through his landlord every week as his share of the rates; and the man who pays 7s. a week rent is in some parts paying 2s. 3½d. weekly in rates.

"Do you wish to lower your rent, or would it be a pleasure to you to pay more? You have called it 'rent' hitherto. It is really rates and rent. For your rent you get a home. What do you get for your rates?

"You can easily work out roughly the amount you have paid. You will be amazed at what it totals. Ask yourself what you have got for it all? You do not throw your own money into the gutter. Why let the Progressives do it for you?"

Of course, this system of "compounding" under which the landlord pays the rates on behalf of his tenant is responsible for much of the apathy in Municipal elections. Municipal Reformers would like to abolish "Compounding," and the experience of Lewisham is interesting and important. Lewisham is the only London borough that at present does not adopt the system of compounding.

The Borough Council of Lewisham, in their annual report for the year ended March 31st, 1905, state:—

"COMPOUNDING WITH OWNERS FOR RATES IN RESPECT OF WEEKLY
AND MONTHLY TENANCIES.

"This subject was under the consideration of the Housing Committee of the London County Council, and as **Lewisham is the only Borough in London which does not rate owners**, the Committee were invited to prepare a return showing the number and rateable value of houses rated at £20 and under, and the actual losses of rates thereon during one quarter of the year. A detail return was accordingly made, from which it was shown that the actual loss for one quarter amounted to £1500 17s. 5d., or about £6000 a year, whilst if the average allowance to compounding landlords in other metropolitan parishes had been allowed, the loss would have amounted, approximately, to £14,400. The save, therefore, to the parish of the existing system was no less than £8400 a year, or **more than a 2d. rate**, and this the Committee regarded as absolutely conclusive that compounding would not be to the advantage of the borough."

NOTE.—Lewisham, the only borough in London which does not adopt the method of compounding with owners for rates, as seen in the above statement, **effects in consequence a saving of nearly 140 per cent.**

Miss Octavia Hill on Compounding.

The following letter from Miss Octavia Hill appeared in *The Times* on February 13th, 1905:—

"Lord Onslow's speech at the meeting of the London Municipal Society awakens deep interest in many who are face to face with London municipal action as affecting all classes, and specially in those of us who

are managing houses let to working people. **We know how very large a proportion of the so-called rent they pay is really rate, not rent, and how rapidly that amount is rising. We have realised that the most merciful as well as the most just course is to abolish the 'compound householder,' and to let those who vote the rates realise that they pay them.** So only will they decide what they think it worth while to spend money in, so only will they make their representatives feel that their constituents desire that all necessary work should be done economically.

"Many of the owners of houses let to working people whom I represent recognised this years ago, and arranged for many of their tenants to pay their rates direct, and this with marked success. The Peabody trustees, to their honour be it spoken, have done the same. And there are in many parts of London a considerable number of intelligent voters keenly watchful of municipal expenditure.

"I regret to say, however, that every possible impediment has been put in our way in carrying out what I cannot help believing most people on consideration know is both a wise and a just arrangement. So determined is the opposition, that in one borough it is seriously proposed to arrange at the quinquennial reassessment to have a higher assessment on houses in which the tenant pays direct; one unhappy tenant has just had his assessment raised £2 on this ground only. It will be necessary to ascertain whether this can legally be done. It will hardly prove possible, one thinks, to charge small tenants on a higher assessment than large owners, and the definition of gross value is pretty clear in the Act. This legal point must be cleared up, but the attempt shows the animus.

"Another borough has put in force the clause empowering them to compel owners to compound, and by so doing abolished the independent payment by a large group of tenants who were quite happy and contented, and had been steadily paying for six or seven years.

"I hope municipal authorities will cordially meet those who are trying to cultivate intelligent constituents, who will see that expenditure, be it good or be it bad, must raise rent and all the cost of living.

"Another point Lord Onslow makes is an important one—that embodied in the resolution adopted by the meeting that joint stock companies and other incorporated bodies who are really connected with and interested in a district should have votes. May I add a suggestion that votes should also be given to owners who are not resident in the houses they own? It seems monstrously unfair, especially so far as loans are concerned, that a weekly tenant has a share in burdening for 50 or 60 years a house of which perhaps he only rents a single room, and which he can quit at a week's notice if ever the burden of rates proves too heavy for him, while the owner, who has spent perhaps thousands in building houses fit for nothing but weekly tenements, has no votes. I am all for recognizing the living interest inhabitants have

while they remain, but now that so large a part of the expenditure is by loan, the interest on which is a burden for years, surely owners should have some control.

"This point was specially evident when the Marylebone Borough incurred so huge an expenditure for electric light. Tenants in 1s. 6d. rooms were voting, owners who had spent thousands in building for the people had no vote. Is this English justice ?

"I would suggest, then :—

"1. That such owners should have votes, at any rate with regard to expenditure involving loans.

"2. That the clause empowering boroughs to make payment of rates by owners compulsory should be repealed.

"3. That the resolution of the London Municipal Society as to joint stock companies should be embodied in some Act.

"I need hardly say that I write in the interests of working-class tenants, as well as from a sense of justice. I know that **they hardly realise at all how great a proportion of their rent is rate. I should trust their keen intelligence to watch as few others can the wise management of local affairs, if they were not confused by the apparent ease with which large sums are raised, little remembering the difficulty of the inexorable and ever-increasing burden of the rate.**"

Mr. McKinnon Wood on Rates and the Working Man.

The Leader of the Progressive Party, Mr. McKinnon Wood, M.P., L.C.C., in a letter to *The Tribune* of September 1st, 1906, wrote:—"No doubt the present basis of rating and methods of collection obscure the facts ; but without going into the arguments as to the ultimate incidence of rating, it appears to me obvious that **whether the poor occupier of a small tenement makes a weekly payment covering rent and rates, or the occupier of a house or shop pays a rent and rates in addition, makes no ultimate difference in that incidence. . . . The labouring classes have as vital an interest in the wise and economical expenditure of public money as the middle classes. . . .**"

Rising Rents.

In what is generally called the "Fiscal Blue Book" some comparative figures are given showing the average rental of all houses in London, valued at under £30 per annum, over a series of years, extending from 1880 to 1900.

This table shows conclusively that for every 20s. paid by the working classes in rent in the year 1880, they were paying on an average 1s. more on every 20s. in 1900 than in 1880, **owing to the increase in the rates.** But it is since 1900 that the most alarming increase in London's local expenditure has taken place, as the following figures will show. It is not intended here to apportion the responsibility between the London County Council, the Guardians, the Borough Councils, Asylums Board, &c. The central bodies have dipped pretty freely into the public purse.

Average Rates—County of London.

4 years :—					s.	d.	
1896-7 to 1899-00	..	...	...	...	6	1 $\frac{3}{4}$	in the £.
1900—1901	...	...	...	...	6	6 $\frac{3}{4}$	„ £.
1905—1906	...	...	...	...	7	6	„ £.

These figures are *average* figures. All districts are not equally culpable—some are better—some are much worse. But it must be remembered that **this increase in the rates has gone on with an annual increase in assessments, which should in itself have been sufficient to provide for the additional needs of growing districts.**

Progressive Condemnation of Progressive Administration.

It is a curious fact that no one has more strongly condemned Progressive extravagance than have leading Progressives themselves. Sir A. M. Torrance, Progressive Ex-

Chairman of the L.C.C., speaking on July 6th, 1905, at a meeting of the L.C.C. used these words :—

“If ever there was a case of ‘Rake’s Progress,’ it seems to me, without respect of party, it is the position of the London County Council at the present moment. The commitments of the Council are appalling. The financial position of the Council is one that I look upon with certain grave doubt as to what is to be done in the future. . . . I do not think the position of the London County Council at the present moment is fairly understood by most of the members themselves. In the near future, when the rates are going up, then the pinch will come, and the outcry will be heard. . . . I wish the Finance Committee had more control over the finances of the Council than they appear to have now. At the present moment every Committee is recommending something extraordinary, and the Finance Committee somehow have to find the money. I appeal to the Council. I move no amendment. But I have my own opinion as to the Council’s parlous position, because of the extravagant commitments under which it has placed itself.”

Lord Welby, the Progressive Chairman of the Finance Committee, has uttered several warnings,* notably the following :—

Speaking in the Council on July 16th, 1905, on education expenditure, Lord Welby said :—“They (the Council) must turn, he feared, with some anxiety from the financial record of their ordinary administration to their estimate for education. They all desired to support heartily Sir W. Collins and the Education Committee in their efforts to promote the cause of education. But in prosecuting counsels of perfection, must not some regard be paid to the expenditure involved, to the legitimate interests of the ratepayer? Reasonable prudence in co-ordinating and graduating the schemes of experts might prevent a conflict with the ratepayers. If such a conflict were precipitated, far from promoting, might it not possibly end in retarding the progress of education to a degree they would all deplore? Ten years ago (1895-6) the Education rate was 11½d. in the £. In 1903-4, the last complete year for which the School Board was responsible, it rose to 15½d. The rate for 1904-5, levied partly by the late School Board and partly by this Council, was 16d. ; and this year, the

* NOTE.—These are set out under their appropriate subjects in “L.C.C. Finance, Part I.”

first full year for which the Council is responsible, it was to be raised by 2d. to 18d.; and the estimates of 1905-6, moreover, only provided the initial expenditure on schemes which involved a heavy further expenditure in years to come. (The estimated total cost of some of the recent proposals as to scholarships, teachers, salaries, etc., was £636,000, of which £127,000 was estimated to fall on 1905-6.) There at once was a further 3d. on the rates to which the Council would be committed. Further schemes were, he understood, under consideration. With those figures and those prospects before them, he would ask whether the time had not come when the Council should lay down for its own guidance a financial policy in the matter of education. Did it contemplate no limit on the progress of this expenditure? But, if it admitted the principle of a limit, ought it not to lay down some rule to guide the Education Committee in the preparation and co-ordination of their proposals, and for that purpose ought it not to defer giving further sanction until the Education Committee could give it a forecast of the extensions and expenditure which they considered desirable?"

Again, speaking on the debate on the Westminster Improvement Scheme, on October 24th, 1905, Lord Welby said: ". . . Before the Council committed itself to any further large expenditure, he implored the members to pause and consider that they were the guardians of the public purse, and to realise the responsibilities that guardianship entailed. . . ."

Again, speaking in the Council on December 12th, 1905, on the Electrical Bill, Lord Welby said: "He was unable to support the Committee's recommendation. He had no alternative but to oppose his own party on the Council. He was jealous of the credit of the Council, and **his jealousy led him to one opinion—that at the present time the Council was in danger of overstraining its credit.** . . . The policy by which the Council passed the scheme was a strange one. In one year the Council passed a scheme involving huge expenditure, put it aside, forgot all about it, and looked upon the thing as if it were done. The next year fresh schemes were produced, and the process repeated. It was not sufficient for the Council to think that because a scheme was passed it was

done with. The Council might undertake useful works, but that was not all that was necessary. They must have reasonable co-ordination and regulation."

Interviewed by *The Tribune*, August 7th, 1906, Lord Welby delivered himself as follows:—

"I do not wonder at the bitter cry of the middle classes. The taxation required to meet State and local expenditure falls heavily on those who, after providing the necessary expenses of living, have but a small margin left for insurance and the amenities of life. But I fear that the middle classes cannot be acquitted of contributory negligence in the matter. They, in common with other classes, have caught the infection of expenditure, and they must take their share of responsibility for the result of which they complain. . . . As far as education is concerned, our infants may be said to lisp in millions.

"The evil is not confined to any one section of the community. Working-men are as extravagant as anybody else in the matter of public expenditure. Naturally they look to what they regard as their own immediate interests. But **waste can never be to their interest.** Say there is a proposal to build a dozen new warships. They welcome it, because a large part of the money will be spent in wages. They do not reflect that if the proposal is in itself extravagant, half those ships are scrapped in two or three years, and they will have to bear their share of the burden of this wasted expenditure.

MIDDLE-CLASS INDIFFERENCE.

"What, then, of the middle classes, who suffer so severely by the reckless spending of public money? I am bound to say that I have not yet seen any evidence of an earnest attempt on their part to moderate reckless expenditure, either in national or local government.

"Take the London County Council. It is sometimes charged with attempting too much at one time. But outside pressure is always urging on expenditure, rather than restraining it. We undertook a very large task in the electrification of the tramway system. There was much to be said in favour of completing the southern scheme before undertaking the work in the north. But the pressure from North London overcame all such financial considerations."

For Sir J. W. Benn's statement cf. page 45 *supra*.

"The British Weekly" on the need for Economy.

The British Weekly, in an article on November 8th, 1906, says:—

"ECONOMY.—The fatal blunder of the Progressives last week was that they depreciated economy. The Moderates said, 'We shall do our

best to reduce the rates.' The Progressives said, 'Economy is a fine thing, a very fine thing indeed; but there are other things more important—**economy is secondary.**' **This is a strange doctrine for the Liberals to hold. . . . That economy is a first necessity in London to-day is beyond question.** Life in London is certainly more difficult than it was. Competition grows harder and harder. Situations are much more precarious. The expenses of living increase. There is more stress and strain in life, and **thousands of hard workers who put a good face on all are nearly fainting under their load.**

" . . . There is very much suffering which does not reach the point of tragedy, but is very real nevertheless. We give an example from personal knowledge. A. B. has a good appointment in a business house which yields him £500 a year. He has four children, all of them receiving an expensive education. He inhabits a house rented at £60. The rates eighteen years ago were four shillings in the pound, and last year they were eight shillings. The difference is enough to destroy the margin of comfort. **That is what thousands in London are feeling. They have no margin now.** They believe the Progressives to be contemptuous of economy. They have laid well to heart the lesson of the London steamboats. They have no faith at all in the grandiose schemes which even Progressives like Lord Welby have rebuked. They know that the opinion of sound and able business men like Lord Avebury is wholly against the wisdom and the practicability of those schemes. Is it wonderful, in an urgency which is felt with such keenness, that they should hasten to register their votes for a Moderate candidate? Even if they are not very hopeful of a reduction in rates, they cling to the belief that the present limit may not be exceeded."

Lord Lansdowne on Local Extravagance.

Speaking in the House of Lords on May 8th, 1906, the Marquess of Lansdowne, K.G., the Leader of the Unionist Party in the House of Lords, said:—

" . . . The augmentation of local expenditure, to my mind, is one of the most formidable and alarming circumstances which we have to consider in the age in which we are now living."

Rates 20s. in the £.

This is, apparently, Mr. Sidney Webb's (L.C.C. Progressive) ambition. The following extracts are taken from the Minutes of Evidence taken before the Royal Commission on Labour (Blue Book, Cd.—7063.—1. of 1893).

Mr. Sidney Webb has long been one of the leading members of the Progressive Party. The following extracts from his evidence which are reported on page 263 of the Commission's Report, show that he is also a Socialist, and therefore it is reasonable to assume that those who habitually aid and abet him in his schemes on the Council, although they are named Progressives, are really Socialists, too.

Question 3886. "May I ask you to contemplate the possibility of all these numerous works which in your view the municipalities should undertake, involving a very large addition to the existing rate. What would happen then?"—Answer. "I think in all probability the amount received by the owners of London rent would be diminished."

Question 3887. "**Supposing it had to go so far as to amount to 20s. in the pound, what then?**"—Answer. "**That is a consummation I should view without any alarm whatsoever.**"

Question 3888. "**The municipality then would have rated the owners out of existence, would it not?**"—Answer. "**That is so.**"

Question 3889. "And would assume the property that is liable to those rates?"—Answer. "That might follow, not necessarily."

Question 3890. "Did it not occur, before the Poor Law came into force, that property was actually given up in some parts of the country to the local authorities when the rates had arrived at 20s. in the pound?"—Answer. "I am not aware that in any case the owner gave up his property. I am aware that in one or two cases the farmer said he would not 'play' any more if he had to pay the rates. I am not aware of any case in which the owner of the land gave it up. It might happen. I should have no objection on the part of the County Council to take over the reversion of the estate of London on those terms."

Question 3891. "How would you obtain funds for further enterprise then?"—Answer. "I confess that, being a moderate man myself, I have not got so far as to contemplate the absorption of the £40,000,000 a year now paid to the owners of London. I think I may say that would probably content the London County Council for a few years to come. I have not considered what we shall do for money when we have used that up."

Question 3895. "Does your idea of carrying out these municipal works, by what I think you have described as the municipalisation of rent through the rating system, extend to cases where an owner occupies his own house, or his own land?"—Answer. "Certainly."

Question 3896. "**So that you contemplate the possibility of a man being a small freeholder or a large freeholder, as the case may**

be, having his own house or cottage gradually taken from him by an increase of rates, and transferred to the municipal authorities?"—Answer. "I should contemplate that the amount which that occupying owner would have to pay in rates would become very considerable, might even amount to what one would call the economic rent of that property. If the community wanted those services, and if the community was not acting arbitrarily, if the taxation was equal all round, and if it was arrived at gradually, I confess I should view with equanimity the result that the man might have to work for his living."

Question 3897. "As a servant of the corporation who had taken his property?"—Answer. "Possibly. That would be an honourable employment—much more honourable than living on his rent before, if he did not work."

Rates not High Enough !

Further evidence that the Progressive Party do not as yet consider the rates high enough is not difficult to obtain. For example, in a letter to *The Daily News* of October 11th, 1906, Mr. A. H. Henderson-Livesey writes:—

"If Progressive Councillors and County Councillors want to lose their seats at the next election there is no better way to achieve their purpose than by commencing a campaign of apology for high rates and of promise of rate reduction.

"True, rates in parts of London are higher; true, too, that, in spite of all election pledges, they will probably be higher in the future. The question that the ratepayers are most interested in is whether the rates are well spent.

"Your London elector is not a fool, and he knows that if he elects a man who is in favour of creating fresh open spaces, of better sanitation, of free libraries, of brightening and cleaning the lives of the toilers in this great city, then he elects the man whose policy is going to result in an increase of the rates, and at the same time in an increase of the health and happiness of the great body of the people.

"Thus it is that in London, at least, no truly economical policy can be carried out by a municipality without these 'high' rates. 'Neglect of duty' is the true description of what the Moderate Party term their 'economical policy.'

"If you want a good thing you must pay for it."

Hotels and High Rates.

Colonel Ernest Villiers, Chairman of the Hotel Cecil, presiding at the meeting of shareholders on October 30th, 1906, said:—

“ Increased trade and the zeal and assiduity of the officials also contributed to the success of the hotel during the past year. Rates and taxes kept mounting up, and as a corporate body, they, of course, had no voice in either the Borough or County Council elections. He urged any of the shareholders who might be on these bodies, or who might be going before the ratepayers at the elections, to do all they could to see that only those were returned who would help to keep down the rates, **otherwise they would be cleaned off the face of the earth.** Already this week they had been notified of an increase of twopence in the pound. . . .”

—*The Morning Post*, 31st October, 1906.

A Favourite Progressive Statement Answered.

“ *Taking London as a whole the rates are becoming intolerable but the L.C.C. is only responsible for 4½d., and the other authorities in London are responsible for 1s. 9d.*”—Sir Edwin Cornwall, M.P., at the L.C.C., May 15th, 1906.

Speaking in the House of Commons on June 21st, 1906, Mr. McKinnon Wood, M.P. (the Leader of the Progressive Party), said:—

“There was a general vague impression that the Council was responsible for every rise in the rates. The rates of the County Council ten years ago were 1s. 3d. in the £; they were in the current year 1s. 5d. in the £. That increase of 2d. was not enormous”—(Extracted from the Official Reports.)

This statement Mr. McKinnon Wood repeated in greater detail in his speech at the Holborn Town Hall, London, on

December 7th, 1906, which is the text-book of the Progressive defence for the coming L.C.C. elections.

The following figures do in fact show that the rates are becoming intolerable, as stated above by Sir Edwin Cornwall, but entirely disprove Progressive assertions that it is not the L.C.C. who are responsible for the greater part of this burden.

Year.		L.C.C. Rate.		Sum raised by Rate.
1899-00	...	13½	...	£2,043,525
1906-07	...	17	...	3,018,256 (estd.)

		Amount per rated House.				Rates raised by L.C.C. per head of population.	
		£	s.	d.		s.	d.
1899-00	...	3	7	9½	...	9	0½
1906-07	...	4	16	3¼	...	12	11½

In addition, the ratepayer pays large sums to the London County Council in his capacity as taxpayer, for the Imperial Exchequer makes annual grants to the cost of London Government. The salient features of the figures are—

1. That the L.C.C. rate has risen by 3 $\frac{1}{2}$ d. since 1900, or over 30 per cent.
2. That the L.C.C. is extracting from the ratepayers on rate account nearly a million pounds more than it did six years ago; an increase of about 50 per cent.

Moreover, the above figures do not include the Education rate, which under the L.C.C. has risen 3d. in two years.

An examination of the rates of the different London authorities, as stated in L.C.C. returns, shows that the average rate has risen from 5s.-2s.30d. in 1890 to 7s.-4s.96d. in 1905-6 (for the year 1906-7, the average total rate amounts to 7s. 6d. in the £)—an increase of 2s. 2 $\frac{1}{2}$ d.—of which increase, said Sir Edwin Cornwall, the L.C.C. is only responsible for 4 $\frac{1}{2}$ d.

As a matter of fact, **the responsibility of the L.C.C. for rising rates is as follows :—**

L.C.C. Rate.				Increase since 1890.
County and Special Rate ...	...	...	...	4½d.
Education Rate (under L.C.C.) ...	...	...	...	3
Total ...				<hr/> 7½

Taking all authorities, the responsibility for the increase of 2s. 2½d. in the average rate from 1890 to 1905-6 is thus divided :—

						d.
London County Council ...	...	...	...	...	...	7·50
School Board ...	...	...	...	...	...	6·11
Asylums Board ...	...	...	...	...	...	3·25
Common Poor Fund ...	...	...	...	...	...	1·25
Poor Law Guardians ...	...	..	...	...	}	1·78
Borough Councils ...	...	...	...	...
Police ...	...	...	...	...	...	nil.
Equalisation Rate (Average) ...	...	...	...	...	...	1·75

It is, therefore, the L.C.C. that is the worst offender as regards growing rates. The late School Board is a good second. **The much-abused Poor Law Guardians and Borough Councils show an increase in their average rate of only 1¾d., while the L.C.C., which seeks to extinguish them on the score of their extravagancē, has raised the rates by more than four times as much.**

Naturally, it suits the Progressive Party to argue on the lines adopted by Mr. McKinnon Wood and Sir Edwin Cornwall, and to make the question of high rates one of authority rather than of party. But we doubt whether the London ratepayer will be deceived by these tactics. **Progressive policy is an expensive policy, and the high rates**

are due to Progressive action not only on the London County Council, but on other local authorities. The only plan to secure economy is to make a clean sweep of Progressivism from all London's governing bodies.

Relative Increase in the Rates.

The following table, taken from the L.C.C. Annual Report, 1903-4, and the L.C.C. Return of Rates made 1904-5 and 1905-6, shows the increases in the various rates, etc. (excluding decimals) :—

Year.	Average Total Rate.	L.C.C. Rate (exclusive of Educa- tion).	Education.	Police.	Asylums Board.	Common Poor Fund.	Equalisa- tion.	Total Central Rates.	Total Local Rates.
	s. d.	s. d.	s. d.	d.	d.	d.	d.	s. d.	s. d.
1890	5 2 $\frac{1}{4}$	1 0 $\frac{1}{2}$	0 9	5	2	7 $\frac{1}{2}$	—	3 0	2 2 $\frac{1}{4}$
1900	6 2 $\frac{3}{4}$	1 1 $\frac{1}{2}$	1 1 $\frac{1}{2}$	5	4 $\frac{1}{4}$	8 $\frac{1}{2}$	6	4 2 $\frac{3}{4}$	2 0
1901	6 5 $\frac{3}{4}$	1 2 $\frac{1}{2}$	1 2	5	5	8 $\frac{3}{4}$	6	4 5 $\frac{1}{4}$	2 0 $\frac{1}{2}$
1902	6 8 $\frac{1}{4}$	1 3	1 2 $\frac{1}{2}$	5	4 $\frac{1}{2}$	8 $\frac{1}{2}$	6	4 5 $\frac{1}{2}$	2 2 $\frac{3}{4}$
1903	7 1 $\frac{1}{2}$	1 3 $\frac{1}{2}$	1 2 $\frac{3}{4}$	5	6	8 $\frac{3}{4}$	6	4 7 $\frac{3}{4}$	2 5 $\frac{3}{4}$
1904	7 1 $\frac{1}{2}$	1 4 $\frac{3}{4}$	1 3	5	5 $\frac{1}{2}$	9 $\frac{3}{4}$	6	4 10 $\frac{1}{2}$	2 3
*1905	7 3 $\frac{3}{4}$	*1 5 $\frac{3}{4}$	*1 4	5	*4 $\frac{1}{2}$	*9	6	4 11 $\frac{3}{4}$	2 4
*1906	7 6	*1 5	*1 6	5	*5 $\frac{1}{4}$	*9 $\frac{1}{4}$	6	5 2	2 4

* To these rates must be added cost of collection (not stated), in order to make up the "Total Central Rates" in last column but one.

The increases in rates since 1890 are, therefore :—

			s.	d.	
Average Central Rates	...	...	2	2	increase.
„ Local „	...	...	0	1 $\frac{3}{4}$	„
„ Total Rate...	...	...	2	3 $\frac{3}{4}$	„
London County Council	...	...	4	$\frac{1}{2}$	„
Education	...	...	9*		„
Police...	...	...	nothing		„
Asylums Board	...	...	3	$\frac{1}{2}$	„
Common Poor Fund	...	...	1	$\frac{3}{4}$	„
Equalisation Fund	...	...	6		„
Borough Councils	}	...	1	3 $\frac{1}{4}$	„
Boards of Guardians					

The following extract from an article in *The Evening Standard* of December 10th, 1906, deals with this issue :—

“Leaving the Education Rate out of the question for the moment, the following table will show how heavily the increased assessments hit the ratepayer :—

			L.C.C. Rate.			Sum raised by Rate.
1896-7	...	...	15d.	...	...	£2,203,969
1901-2	...	...	15d.	...	...	2,431,738
1906-7	...	...	17d.	...	...	3,018,256 (estd.)

“This increase in the burden of the County Council rate will be made even clearer by the following table :—

Yearly Average.		Sum Raised.	Burden per Family (of six persons).
5 years (1890-1894)	...	£1,726,000	£2 9 6 $\frac{1}{2}$
„ (1895-1899)	...	2,075,000	2 17 2 $\frac{1}{2}$
„ (1900-1904)	...	2,402,000	3 3 11 $\frac{1}{4}$
3 years (1905-1907)	...	2,958,000	3 16 5 $\frac{1}{4}$

“This mounting burden per family is on the 1s. 5d. rate only. When we more than double the total in order to cover the 1s. 7d. rate for education we begin to understand why the Progressive chairman of the Finance Committee, Lord Welby, has repeatedly appealed to the Council for economy. The flight of Messrs. Yarrow & Co., from Poplar,

* The L.C.C. levied a portion of the rate for the year 1905, and since that year the whole rate. In three years the Education Rate has been increased by the Council by 4d. in the £ (cf. Lord Welby's speech on May 8th, 1906). The rate is now 1s. 7d.

and other firms from other districts, is then no longer a mystery to us, and the general outcry of ratepayers, rich and poor, is abundantly justified.

"If we add the 1s. 5d. rate to the 1s. 7d. Education Rate, we get a 3s. rate, for which Mr. McKinnon Wood and his Progressive friends are responsible. Had it not been for the increase made in the rateable value during the last six years, this rate of 3s. would have been 3s. 6d. There are two ways by which public bodies raise money—the one is by rate, the other by increasing the assessments on which the rate is levied. The County Council employ both methods at the same time."

"The British Weekly" on Mr. McKinnon Wood's figures.

The British Weekly, in a leading article on December 13th, 1906, deals at length with Mr. McKinnon Wood's statements regarding expenditure, made at the Holborn Town Hall on December 7th, 1906, and says:—

"The first point is economy, and it is on that that the election will almost wholly turn. Our point was that in the Borough Councils election the Progressive Party allowed the Moderates to filch from them the truly Liberal watchword—economy. It should have been their business to make it clear to the harassed ratepayers already at the limit of their power of suffering, that every penny wrung from them would be spent with a considerate and scrupulous regard to their interests and their difficulties. We all know that the very opposite line was taken. The Moderates everywhere clamoured for economy, while the Progressives made more or less a lame defence of—let us say, generosity. What the result was we know. Mr. McKinnon Wood has unfortunately taken the same fatal and ruinous line. He does indeed here and there say a good word for economy, but the temper in which he approaches the question is significantly indicated in the following sentences. . . . Mr. McKinnon Wood is really not entitled to sneer either at Mr. Sims or Lord Avebury. All journalists know, and many of the public know, that a journalist more scrupulously accurate, diligent, and laborious in his collection of facts than Mr. G. R. Sims does not live. From many of his opinions we widely differ, but that is another thing. . . . On the whole question of the life of the poor in London, Mr. Sims speaks with unrivalled authority after the almost daily studies of many years. The author of the books that stand to Mr. Sims' credit on London life may well afford to smile at the sneers of Mr. McKinnon Wood. We do not happen to have read any of Lord Avebury's writings on municipal administration, save some letters in the newspapers. That is certainly our loss. **Lord Avebury is universally respected and**

trusted as one of the ablest business men of the day, and we do not know anyone who fought the Free Trade battle in a more courteous and more crushingly effective way than Lord Avebury did. If Mr. McKinnon Wood will think how he was led into those sneers he will be well on the road to discovering what has ruined the London Progressive Party.

“ . . . Mr. McKinnon Wood’s main argument is that the rate has increased very slightly. But there are two ways of raising money, one by rate and the other by increasing assessments. **Assessments have been enormously increased during the last few years.** We give tables from *The Express* which will show the facts :—

			Population.			Rateable Value.
1901	...	...	4,540,000	...	...	£39,640,000
1906	...	...	4,720,000	...	...	£43,480,000

If these figures are correct they prove that while the population of the County of London was increasing by four per cent. the rateable value was increased by $9\frac{1}{2}$ per cent., at a rate more than 100 per cent. quicker than the natural growth. Thus, while a 1s. 5d. rate in 1901 would have produced £2,652,000, the same rate in 1907 produces £3,179,329. Or, to put it in another way, as in *The Evening Standard*, the burden per family of six persons for the three years 1905-7 is £3: 16s. 5½d. It was in the five years 1890-94, £2: 9s. 6½d. for the same individuals. We shall be glad to hear whether these figures are correct, and, if so, how they can be explained.

“Mr. McKinnon Wood makes a great point of the additional charges imposed by the new Education Act, to which he affirms the Progressive Party were heartily opposed. Are the L.C.C. Progressives opposed to administering the Act? It was assumed at first that they were, but it appears now that many of them at least were not, and **Mr. Shephard, the Chairman of the Education Committee, has been boasting that things are far better done now than they were under the School Board.** Mr. McKinnon Wood has much to say on the tramways, but we did not raise that question, and await further light upon it. He also proves conclusively, and at great length, that all parties were in favour of the starting of the steamboats. But **has he not missed the point? The point, as we understand, was the continuance of the steamboats after its being shown that they did not pay.**

“ . . . To show that the alarm of the public about extravagance is felt by Progressives also, we quote two statements of leading Progressives :—

“Sir A. M. Torrance, ex-chairman of the Council, said on July 6th, 1905 :—

“ ‘ If ever there was a case of “Rake’s Progress” it seems to me—without respect of party—it is the position of the London County Council at the present moment.

“ ‘The commitments of the Council are appalling. The financial position of the Council is one that I look upon with certain grave doubt as to what is to be done in the future.’ ”

“ Lord Welby was chairman at Mr. McKinnon Wood’s meeting. It was Lord Welby who said in the Council on December 12th, 1905 :—

“ ‘I am unable to support the committee’s recommendation. I have no alternative but to oppose my own party on the Council. I am jealous of the credit of the Council, and my jealousy leads me to one opinion, that at the present time the Council is in danger of overstraining its credit.’ ”

Further Evidence as to the Tragedy of the Rates.

In a further letter to *The British Weekly* of December 20th, 1906, Miss M. L. Johnston writes :—*

“ As a Hastings reader of *The British Weekly* sent ten shillings to be given to one of the widows I found imprisoned in Holloway Gaol for their rates, I should be glad if you could publish a few more facts about the one I selected—the poorer of the two. When I saw her on Saturday, I found that the Royal Borough of Kensington had issued another warrant for her arrest. Her case is a very hard one. She has lived for thirty-six years in the same road, for more than twenty in the same house. She has one son who has been an invalid since his fourteenth year; another whose business has steadily declined of late years, and now he is doing almost nothing. Last week the brothers, working together, made 2s. 5d., the week before, 3s. The landlord, who has known Mrs. ——— for thirty-six years, is very kind and patient, agrees to let her remain in the house and pay as she can. But the rate collector wants to get her out. Indeed it seems to be a case of attempted eviction—not for rent but rates. For a dilapidated-looking house in a decayed-looking road she is expected to pay £8 a year in rates. It used to be £5 10s. long ago, when the road was a more prosperous one, and the business had not gone. If she is driven out of her present home there is nothing before her and the invalid son but separation and the workhouse. Is it any wonder that she struggles on, pawning even her blankets in an effort to raise money for the rates?

“ She quite readily gave me permission to forward her name and address to you—not for publication, her neighbours do not know that she has been in prison—but that you may have the case investigated further if you think it necessary. . . . ”

* For previous letter, cf. page 54.

In a letter to *The British Weekly* of December 20th, 1906, "Another Progressive Ratepayer," writes :—

" . . . I can fully bear out Miss Johuston's statement, and on behalf of the many women who suffer untold hardship, write to say **the tragedy is being borne by thousands of widows and fatherless young women who must live in decent roads.** What surprises one is that *The Star* can deny it. May I give my experience? Years ago I purchased (unfortunately) two little houses, hoping to provide for the future by adding daily work for a few years. The poor rate, local, water, and house duty amount to £19 a year; add £11 ground rent, repairs, and loss through dishonest tenants, and you can imagine the loss. Not one penny can be saved. Yet one has gone short of holidays and dress, always hoping to overcome. But after twelve years all hope has gone. I have known women who have pawned clothing for rates, and others sorely tried.

" The men who are fighting our battles in the House of Commons have my sympathy, for they will do their best, so I can wait for a vote; but **it is time we women struck against paying huge sums to keep up workhouses, prisons, and lunatic asylums for the men and women who live chiefly to drink.**

" 'The just suffer for the unjust,' but is the injustice to go on for ever?

" If you inquire, you will find that Stoke Newington, Stamford Hill, and Tottenham are crowded with clerks and small shopkeepers, who have a hard time of it. Go to the collectors, and ask for the number of those who leave, without paying, in the night. Nearly all my friends are total abstainers, and they have the same tale to tell. I am a Progressive, but think we have had talk enough about reform"

THE Housing of the Working Classes.

The Acts of Parliament.

The law relating to the housing of the working classes was formerly embodied in three sets of Acts—Shaftesbury's Acts (enabling local authorities to provide lodging houses for letting to the labouring classes); Torrens's Acts (empowering local authorities to deal with houses unfit for human habitation); and Cross's Acts (giving the authorities power to carry out improvement schemes for unhealthy areas). Under Lord Shaftesbury's Acts scarcely anything was ever done; little was accomplished under Mr. Torrens's measures; but under the Acts passed when Mr. (now Viscount) Cross was Home Secretary, in the late Lord Beaconsfield's ministry, many substantial improvements were instituted in London.

In 1884, mainly at the instance of the late Lord Salisbury, a Royal Commission sat to enquire into the working of, and to suggest improvements in, these Acts.

The Commission directed its recommendations mainly to two objects—(1) The improvement of the means possessed by the old Metropolitan Board of Works and the local bodies for dealing with the subject, and (2) The reform of the local authorities themselves.

The following laws have since been passed:—

- (1) The Local Government Act, 1888, and the London Government Act, 1899, which created in the County

Council and the Borough Councils municipal authorities capable of dealing with the housing problem ;

- (2) The Housing of the Working Classes Acts, 1890, 1900, and 1903, and the Public Health Act, 1891, which constitute the chief measures regulating this subject.

The writer of the articles in the *Daily News*, headed " No Room to live " (Reprint, 1899, p. 137), thus speaks of the latter Acts :—

" Bear in mind that the powers of the local authorities are neither few nor small. They are sufficient to deal with all the forms of overcrowding and horrible housing, and every kind of unhealthy dwelling. They are fairly simple too and clearly defined. They are all compressed within two Acts of Parliament—the Public Health Act and the Housing of the Working Classes Act."

The Public Health Act consolidated and amended the sanitary laws formerly administered by the Vestries and District Boards and now by the Borough Councils. It contains numerous provisions for the prevention of overcrowding and sanitary evils of all sorts, and it places the County Council in the position of the central health authority for certain purposes.

The Housing Act, 1890, brought within a single Statute the former Acts, with many improvements.

Part I. of this Act enables the County Council to clear large unhealthy areas. The Council, if satisfied by the representations of a medical officer of health that the sanitary defects of an area cannot be remedied otherwise than by an improvement scheme for the rearrangement and reconstruction of the streets and houses, may make a scheme for this purpose, which then has to be confirmed by a Secretary of State and Parliament. The Council is required by the Act to provide accommodation for as least as many persons of the working classes as may be displaced, but a Secretary of State may, on the application of the Council, dispense with the obligation to an extent not exceeding one half. The compensation payable for property taken compulsorily within an unhealthy area is limited

by special provisions, which forbid any allowance in respect of the compulsory purchase.

Part II. of the Act gives the County Council and the Vestries and District Boards power to make improvement schemes for unhealthy areas, which are too small to be dealt with under Part I. The schemes must be sanctioned by the Local Government Board, but need not be confirmed by Parliament, unless an owner of any part of an area petitions against a scheme. The London County Council may contribute towards vestry schemes, and a Secretary of State may order the Council to contribute. The local authorities have extensive powers under this part of the Act as regards the closing and demolition of dwellings unfit for human habitation.

Part III. made the powers of Lord Shaftesbury's Act metropolitan instead of local. It enables the London County Council to buy land by agreement, or compulsorily with the authority of a Secretary of State, for the purpose of erecting lodging houses which include cottages, for the working classes, and also to contract for the purchase or lease of lodging houses.

By the London Government Act, 1899, the Government empowered the Borough Councils which were brought into existence by that Act, to adopt Part III. of the Housing Act, 1890, within their own boroughs.

By the Housing of the Working Classes Amendment Act, 1900, Parliament extended the powers of the Council, under Part III. of the Act of 1890 so as to enable it to buy land *outside*, as well as within, the county boundary. This amendment in the law is one of the utmost importance, having regard to the extraordinary developments in the means of locomotion now in progress. The Act also empowered the Council to lease land acquired under Part III. to any lessee, for the purpose and under the condition that the lessee will carry the Act into execution by building and maintaining on the land lodging houses within the meaning of the Act. Provision is made for securing the use of the land for the purposes of the Act, and for the maintenance and repair of the houses.

[The Council has no power to sell land bought under Part III. of the Act of 1890, though it has power to sell or let land acquired under Part I., and is indeed required to sell land so acquired within ten years.]

By the Housing of the Working Classes Act, 1903 (introduced by Mr. Walter Long, the then President of the Local Government Board), the maximum term for repayment of housing loans was extended from 60 to 80 years; the powers of local authorities to issue loans were enlarged: rehousing obligations on railway and other corporations were strengthened. Further, greater powers were conferred by this Act upon the Local Government Board to deal with authorities refusing to carry out the law against insanitary houses and districts; the procedure necessary to obtain sanction from the central authority for an improvement scheme was simplified; the power of the local authorities to demolish insanitary houses was enlarged; and generally, the powers of municipal bodies were extended.

Administration of the Housing Acts.

The Metropolitan Board of Works carried out sixteen schemes, under Cross's Acts, at a net cost of £1,318,935, displaced 21,207 persons, but caused accommodation to be provided for 27,066 persons. (Return of Housing Scheme, published by L.C.C., October, 1899.)

The Board sold its sites to the Peabody trustees and others, who provided the dwellings.

The Council's policy may be divided into two periods :—

(1) BEFORE NOVEMBER, 1898.

The Council inherited from the Metropolitan Board six schemes, initiated under Lord Cross's Acts, the net cost being £278,382.

It initiated (to 1898) seven schemes, under Parts I. and II. of the Housing Act, 1890, the net cost being £569,050.

Property in connection with these, estimated to cost £283,650, had not been acquired (1898)—the only large scheme nearly completed being Boundary Street (net cost £252,588).

The return mentioned above (dated October, 1899) disclosed the following particulars as to housing schemes inherited or initiated by the Council:—

Number of persons displaced, or to be displaced.	Obligation to rehouse.	Persons for whom dwellings have been provided.	Persons for whom dwellings are in course of erection.	Accommodation in dwellings for which plans are being prepared.
Displaced - 12,837*				
To be displaced - 5,192*	11,277	6,812	3,088	1,356
<u>18,029</u>				

* These figures are not given in the return (only the total 18,029), but they are official.

The return also gave particulars of sites vacant for several years, in respect of which the obligation to rehouse had not been discharged on 31st March, 1899. The total number of persons displaced was 1,844.

The return also showed that the Council had displaced 4,881 persons under improvement schemes, involving the submission of a rehousing scheme to the Home Secretary, while the number rehoused, or to be rehoused, was 3,974.

The policy of the Council as regards rehousing was thus stated by the Housing of the Working Classes Committee in November, 1898:—

Hitherto the Council, whether acting under Part I. or Part II., has in many cases felt itself justified in securing the provision of dwellings for a number slightly in excess of half those displaced.

In other words, the Council, up to the end of 1898, was generally content to aim at the minimum rather than the maximum of accommodation required by the Housing Act, and the result of its operations under Part I. was that it had cleared

one large slum and a few small ones, and had displaced many more people than it had rehoused.

This is what the *Daily News* writer says (Reprint, 1899, p. 57) :—

Take the London County Council's record. In their various schemes they have turned out some 24,000 people, but have barely built houses for 10,000. What of the remaining 14,000 among the driven out? Nay, more than 14,000, for we have already seen how very few of the people displaced ever return to the new buildings.

Sir Robert Reid, Q.C. (now Lord Chancellor), in the debate in the House of Commons on the Housing Bill, on 17th May, 1900, stated :—

As the result of nine years' work of the London County Council only one-half per cent. of the overcrowded class was rehoused each year.

The author of "The People of the Abyss," describing the life of the people of the East End, says (page 58) :—

"We next visited the municipal dwellings erected by the London County Council on the site of the slums where lived Arthur Morrison's 'Child of the Jago.' While the buildings housed more people than before, it was much healthier. But the dwellings were inhabited by the better class workman and artisans. The slum people had simply drifted on to crowd other slums or form new slums."

Only eleven out of 5719 displaced at Boundary Street have been rehoused in the Council's dwellings.

As regards Part III. of the Act, the Housing Committee made the following statement (L.C.C. *Minutes*, November, 1898) :—

Apart from the rehousing of persons displaced by improvement schemes, which the Council is by Statute required to carry out, it has not hitherto put in force the powers, which it possesses under Part III. to buy land and build thereon for the purpose of increasing the supply of house accommodation in or near London.

And they point out that the Millbank Prison site, which was purchased under Part III., was really acquired for rehousing purposes. The Council, therefore (with the exception of the lodging house at Parker Street, Drury Lane, which was built under Part III.) allowed Part III. to remain a dead letter for eight years, so far as increasing the supply of housing accommodation was concerned.

(2) AFTER NOVEMBER, 1898.

In November, 1898, the Council formally determined to turn over a new leaf. It resolved:—(1) That in future housing accommodation should be provided for a number of persons equal to that of the working classes displaced under any scheme; (2) 'That action should be taken under Part III. apart from rehousing, with this important proviso—"that no charge be placed on the county rate thereby." The reason given for this change of policy was the deficiency of house room in London. This deficiency, however, existed when the Royal Commission of 1884 held their inquiry, and caused them to recommend that a trial should be given to Lord Shaftesbury's Act. It was also well ascertained by the census of 1891, which disclosed the fact that 214,843 persons lived in tenements of one room, and that 128,000 persons, in families of from four to twelve persons, were living with only one room to each family.

The Moderates took exception to the resolutions referred to in the preceding paragraph as valueless. Their view was that schemes were wanted, not abstract resolutions; and, in fact, a year passed before the Housing Committee were able to submit any practical proposal.

TOOTING SCHEME.

In January, 1900, a scheme under Part III., the first of its kind, was passed:—

The scheme was for the purchase of $38\frac{1}{2}$ acres at Tooting (Totterdown Fields), for the erection of cottages to house some 8000 persons. It is estimated that land, roads and buildings, will cost £500,000, and that no charge will be entailed on the ratepayers.

In March, 1900, Mr. Waterlow, a Progressive, was appointed Chairman of the Housing Committee.

THE NORBURY SCHEME.

On 11th December, 1900, on the recommendation of the Housing Committee, the Council decided to buy a site at

Norbury, just outside the county boundary, and thus took advantage, for the first time, of the Act of 1900.

The site is about 31 acres, the price £600 per acre, and it is proposed to build some 762 cottages. The rents to be charged vary from 6s. per week for two rooms and small kitchen to 11s. 6d. for five rooms.

The estimated annual surplus, after providing for interest on capital and sinking fund, was £470.

The Finance Committee, reporting on the above proposal, made the following remarks:—

“We understand that this scheme will be followed by other projects for the development of estates of dwellings for the working classes in other districts outside the county boundary, and, having regard to the Council’s heavy commitments on capital account, we think the Council will agree that the total amount which should be expended for this purpose within the next few years must be, to some extent, limited. We think, therefore, that the Council should carefully consider the merit of each proposal with reference to the aim in view, viz., the relief of the overcrowding in central London.”

The scheme, though the Council did not divide upon it, met with considerable criticism in the Council from members of both parties. Since the capital which the Council can expend is limited, it is most important that those sites should be bought which can be developed to the advantage of overcrowded London. But the Norbury cottages are more likely to benefit Croydon people than Londoners, and the rents, plus the cost of travelling to central London, are prohibitive to all but well-paid artisans. Very grave delay has taken place in developing this estate.

NORBURY ESTATE.—TIME TABLE.

1901. February. Site purchased.

1906. February. First block of cottages completed, housing 68 persons only.

Mr. Waterlow (P.), in presenting the Norbury scheme to the Council, said :

“The plan was not one to house the poorest class. He did not think it possible to house that class. The Committee wanted to help those who could help themselves.”

The Municipal Reform policy is rather to help those who cannot help themselves to decent accommodation.

WHITE HART LANE, TOTTENHAM, SCHEME.

This scheme, initiated some five years ago, has so far been a failure. The rents charged are higher than those prevailing in the neighbourhood, viz., Tottenham. Very slow progress has been made with the erection of dwellings.

Action taken under Part III. of the Housing Act.

As regards the work of the Council, under Part III., the following § are the estimated particulars of sites acquired as stated in the Annual Report of the Council, 1903 (p. 102) :—

Site.	Acre- age.	Cost of Land.	Estimated Cost of Buildings.	Total Estimated Cost of Land and Buildings.	No. of Persons to be provided for.
		£	£	£	
Totterdown Fields, Tooting	38½	44,238	356,000	400,238	8,300
Norbury, Surrey	31	20,000	263,000	283,000	5,800
Wedmore Street, Upper Holloway	1½	12,500	49,500	62,000	1,050
Dufferin Street Dwellings	—	—	—	*6,615	17½
Caledonian Asylum, Holloway	2	16,500	66,500	83,000	1,384
Holmwood Buildings, No. 97, Southwark Street	—	†3,200	‡1,886	5,086	72
White Hart Lane, Wood Green	225	91,000	1,881,602	1,972,602	42,500
Old Oak Common Lane, Hammersmith	50	30,000	360,000	390,000	9,200
Brixton Hill	1	7,500	27,305	34,805	620
Hughes Fields, Surplus Lands	—	1,000	17,661	18,661	440
Totals	350	225,938	3,023,454	3,256,007	69,540

* Buildings purchased after they had been built by other persons.

† Value of existing building. ‡ Cost of conversion.

§ NOTE.—Cf. as to this pages 111 to 144 of the Annual Report of the Council for the year ended March 31st, 1906.

General Criticism.

The criticism of the Municipal Reform party upon the Housing and Re-housing schemes of the London County Council, is as follows:—

- (1) The result of Progressive mismanagement is that London County Council schemes are conducted at a heavy loss to the ratepayers, with no real benefit to the overcrowded poor.
- (2) Owing to the manipulation of accounts it is difficult to say how heavy that loss actually is.
- (3) Compared with private enterprise, the London County Council have not only housed fewer persons, but charged a higher rental, which the really poor cannot afford to pay.
- (4) It may be stated that in spite of the great expenditure of money, the London County Council have as yet not really touched the problem of housing the very poor and the overcrowded.

The Council has erected lodging houses where the charge is 6d., and consequently has defeated its own aims, which were to provide for the poorer classes who frequent the insanitary lodging houses where the price is 4d. Glasgow charges 3½d. and 4½d. The L.C.C. have done nothing for the large class between the artisan and the common lodging house class.

Annual Report of the L.C.C. on Housing of the Working Classes.

The following extract is taken from the Annual Report of the Proceedings of the Council for the year ended March 31st, 1906, pages 132-134, and page 141:—

“ FINANCIAL STATEMENT.

“ The expenditure on capital account in connection with the housing of the working classes consists, first, of the cost of

the clearance of insanitary areas under the provisions of the Housing of the Working Classes Acts, and, secondly, of the cost of erecting dwellings for the accommodation of persons of the labouring class displaced by the clearance of such areas as well as in effecting street and other improvements authorised by special Acts of Parliament. The cost of the dwellings includes the housing value of the sites on which the dwellings stand, or, in the case of land or other property acquired under Part III. of the Housing of the Working Classes Act, 1890, the actual cost.

“The amount expended on capital account up to 31st March, 1906, **in respect of clearance schemes, amounted to £3,388,782 13s. 7d.**, while the receipts derived from rents and sales of land, including the amounts charged in respect of the housing values of sites appropriated for the erection of working class dwellings, together with the contributions from local authorities towards carrying out Part II. schemes, amounted to £885,628 18s. 1d., **thus leaving the net expenditure at £2,503,153 15s. 6d.** The aggregate expenditure up to 31st March, 1906, in connection with the provision of dwellings under the Housing of the Working Classes Acts, amounted to £1,612,736 5s. 2d., and under Improvement Acts to £692,695 0s. 10d. **The total sum, therefore, which has been expended on capital account under the Housing of the Working Classes Acts up to 31st March, 1906, is £4,115,890 0s. 8d.**

“The extent of the Council’s operations during the year 1905-6 is shown in the statements at the end of this report, separate accounts having to be kept under each part of the Act.

“The accounts for the year 1905-6 show that, after making full provision for all outgoings, the receipts in respect of dwellings opened for more than a year exceeded the expenditure by £2,478 : 9s., while in respect of dwellings opened for less than

a year there was a surplus of £182 : 11s. 4d. The net result of the year's working is, therefore, a surplus of £2,661 : 0s. 4d. on all dwellings in occupation, to which must be added the sum of £685 : 16s. 3d. in respect of interest on cash balances, making a total surplus of £3,346 : 16s. 7d., as compared with the deficiency of £1,096 : 5s. 6d. for the year 1904-5.

“The gross rental for the year in respect of dwellings in occupation amounted to £135,005 10s. 8d. Adding to this sum £400 5s. 5d., representing the amounts outstanding on 31st March, 1905, and deducting £13,822 9s. 7d. in respect of empties, rents of caretakers' quarters, and various sums written off as irrevocable during the year, the net rental amounted to £121,583 6s. 6d., exclusive of £685 16s. 3d. for interest on cash balances. The expenditure amounted to £118,922 6s. 2d., of which the sum of £64,617 6s. 3d., or 47·86 per cent., of the gross rental was required for interest and sinking fund charges. The sum of £14,372, or 10·65 per cent., of the gross rental was transferred to the repairs and renewals fund, though the actual expenditure only amounted to the sum of £8,930 19s. 4d., or 6·62 per cent.; while the sum of £39,932 19s. 11d., or 29·58 per cent., of the gross rental, was required for other outgoings such as central office charges, cost of local supervision and collection of rents, rates and taxes, lighting, water, insurance, stores and incidentals.

“The total financial result on all dwellings and estates from the date of the opening of the first block in April, 1894, up to 31st March, 1906, shows that a sum of £56,882 9s. 6d. has been temporarily defrayed out of the rates, of which a sum of £17,798 8s. has already been repaid out of revenue from the dwellings, leaving a net contribution of £39,084 1s. 6d. up to 31st March, 1906. Of this amount the sum of £30,823 12s. 9d. represents the sinking fund charges and interest in respect of estates which have been acquired and are in course of development. . . .”

“MUNICIPAL LODGING-HOUSES.—CATERING ARRANGEMENTS.

“In connection with the management of the Council's lodging-houses, it was doubtful whether the Council was empowered, under section 59 of the Housing of the Working Classes Act, 1890, to undertake catering work at the lodging-houses under its control, although under that section the Council is authorised to “fit up, furnish and supply the same, respectively, with all requisite furniture, fittings and conveniences.” With a view to setting all doubts in the matter at rest a clause was inserted in the General Powers Bill of 1904, to give power to the Council directly to undertake the control and supervision of the catering at its lodging-houses, but the clause was struck out of the bill by a Select Committee of the House of Lords. The question of making a further application to Parliament on the subject is under consideration. To meet the difficulty in the meantime the catering arrangements at both Carrington and Parker-street Houses have been undertaken by the superintendents, and rents of £2 10s. and £2 12s. 6d. per week respectively are being received by the Council.

“DWELLINGS COMPLETED AND COMMENCED.

“During the year ended 31st March, 1906, dwellings containing accommodation for 2,510 persons were completed and opened, the cost of the buildings, including incidental expenses, being about £102,832.

“The total number of persons for whom accommodation has been provided by the Council, calculated on the basis of two persons per room, is 33,853. The accommodation consists of 5312 tenements in block dwellings, 1014 cottages, and 1147 cubicles in Parker-street and Carrington Houses.

“At the end of March, 1906, the usual census was taken of the people residing in the dwellings, and showed that 16,352

rooms were available for letting, **of which 15,226 were occupied by 21,798 persons**, or an average of 1·43 persons per room. A careful examination of the census return with a view to the detection and prevention of overcrowding showed that there were 15 cases, all of which occurred in block dwellings.

“New buildings designed to accommodate 5,666 persons and other works incidental to the development of the various estates have been undertaken during the year, and the total cost thereof is estimated at £270,517.

“The changes of tenancy during the year, excluding transfers from one tenement to another, numbered 1,720, which is equivalent to 27 per cent. of the total number of tenements, as compared with 27·5 and 23 per cent. in the years 1903-4 and 1904-5 respectively. The practice of the Council is to accept tenants in the order of their applications, and the percentage of changes of tenancy is much higher than is the case in any dwellings where a system of selection is adopted. The amount of rent lost and written off as irrecoverable during the year has been £169 7s. 6d. only, or ·13 per cent. (2s. 7d. per £100), of the gross rental.

“WORKING CLASS ACCOMMODATION.

“With a view to being kept informed as to the provision of working-class accommodation in London and the adjoining districts, the Committee caused to be prepared each year a return showing the amount of new accommodation provided and old accommodation destroyed. The return, which has been prepared for the years 1902, 1903 and 1904, gives the number of working-class tenements and rooms provided in each borough or district and the average rents at which they are let or to be let; and particulars of the demolitions which have taken place in each district are also given separately. The net result for each of the years mentioned may be seen from the following table:—

	Number of Rooms.		
	1902.	1903.	1904.
LONDON—			
New accommodation provided	21,978	25,906	24,614
Existing accommodation demolished	4,201	4,431	5,598
Net addition ...	17,777	21,475	19,016
EXTRA LONDON—			
New accommodation provided	35,808	38,006	33,095
Existing accommodation demolished	86	472	545
Net addition ...	35,722	37,534	32,550

“The average rents per room at which the new dwellings are let or to be let are as follows :—

Year.	Central Districts of London.		Other Districts of London		Extra London Districts.	
	s.	d.	s.	d.	s.	d.
1902	3	3 $\frac{1}{2}$	2	4 $\frac{1}{2}$	2	0
1903	3	2 $\frac{3}{4}$	2	6	2	1
1904	3	2 $\frac{1}{4}$	2	6 $\frac{1}{2}$	2	1

“The attention of the Council is also called from time to time to any considerable displacement of working-class population which takes place in connection with the re-development of private property in the several metropolitan boroughs. The number of persons of the working-class so reported during the year to have been displaced or to be displaced was 3,596.

WORK OF THE COMMITTEE DURING THE YEAR.

“The work of the Committee in exercise of the powers and duties of the Council may be conveniently divided according as it is—

“ *Executive*—

“(a) In carrying into effect schemes for the clearance of insanitary areas and the re-housing of their working-class population under Parts I. and II. of the Housing of the Working Classes Act, 1890, as amended by the Housing of the Working Classes Act, 1903.

“(b) In rehousing persons of the working class displaced in connection with general public improvements under various special Acts of Parliament.

“(c) In providing accommodation under Part III. of the Housing of the Working Classes Act, 1890, as amended by the Housing of the Working Classes Acts, 1900 and 1903.

Administrative—

“(d) In supervising, and contributing towards the cost of schemes undertaken by metropolitan borough councils under Part II. of the Housing of the Working Classes Act, 1890, as amended by the Housing of the Working Classes Act, 1903.

“(e) In connection with the services of workmen’s trains on the various metropolitan railways.

“(A) ACTION TAKEN BY THE COUNCIL UNDER PARTS I. AND II. OF THE HOUSING OF THE WORKING CLASSES ACT, 1890.

“Under Part I. of the Act the Council has completed six schemes initiated by the Metropolitan Board of Works. Under these schemes all persons (except 180 under the Shelton-street scheme) had been displaced, and there remained only the vacant sites upon which the dwellings had to be built. In one case, viz., Tench-street, St. George-in-the-East, scheme, 1883, the obligation to rehouse was removed by Parliament in 1890, and the site has been laid out as an open space, which

is now known as the Wapping recreation ground. In all the remaining areas, with the exception of accommodation for 240 persons under the Hughes Fields scheme, which was provided by the Provident Association, the Council has itself provided all the necessary dwellings. Repeated efforts were made by the Council to follow the practice of the Board by selling the cleared sites subject to the obligation to provide working class dwellings upon them, but as the result was not satisfactory, although a reduction was made in the number of persons to be rehoused on the sites under the schemes, the Council determined, with the approval of the confirming authority as required by statute, itself to undertake the erection and management of the necessary dwellings, and this course has since been adopted by the Council as a general policy.

“ The Council has also under Part I. of the Act undertaken nine other schemes for the clearance of insanitary areas. These areas comprise 35·24 acres, and the displacement of 14,784 persons of the working class therefrom has been, or is being, effected. Five of the schemes have been completed, while the remaining four are in an advanced stage of progress. One of the schemes has been carried into effect with the co-operation of the freeholder, who has repaid the Council the cost incurred in acquiring the various interests in the property, and has erected working class dwellings on the cleared site. This course of action is contemplated and provided for by Part I. of the Act.

“ Under Part II. of the Act the Council has completed four schemes comprising a total area of 4·76 acres, contribution towards the cost having been made by each of the local authorities concerned. In one case, viz., Falcon Court scheme, Southwark, a part of the cleared area has been laid out as an open space, which is now known as Little Dorrit's Playground. Particulars of the displacements and rehousing accommodation provided under the several schemes completed by the Council are given at the end of this Report. . . .” (p. 134 of the Report.)

“(C.) ACTION TAKEN UNDER PART III. OF THE HOUSING OF THE WORKING CLASSES ACT, 1890, AS EXTENDED BY THE HOUSING OF THE WORKING CLASSES ACT, 1900.

“The extent of the Council’s operations under Part III. of the Housing of the Working Classes Act, 1890, as extended by the Act of 1900, together with the position of the development of each estate up to 31st March, 1906, will be seen from the particulars given in Table IX. at the end of this Report.

“SPECIAL FUND FOR THE ACQUISITION OF LANDS.

“The scheme for rehousing persons displaced in connection with the Thames Embankment extension and Westminster improvements required that the Council should provide accommodation for not less than 2152 persons on the Millbank estate, but as this estate was primarily intended for rehousing persons displaced from insanitary areas, and the provision elsewhere of rehousing accommodation in respect of the Westminster improvements would probably have cost about £90,000, the London County Council (Improvements) Act, 1900, which authorised the improvements, provided that a sum of £50,000 should be charged against the improvement account and be applied towards the cost of acquisition by the Council of other lands for the purposes of Part III. of the Housing of the Working Classes Act, 1890. After defraying certain expenditure on the Millbank site account, the balance standing to the credit of the account on 31st March, 1906, was £45,444:4s., and the question of utilising it for the object specified is engaging attention.” (Page 141 of the Report.)

Annual Report on Working Class Dwellings.

The Housing of the Working Classes Committee, in their report for July 18th and 25th, 1906, submit the accounts for the year ended 31st March, 1906, in respect of all workmen’s dwellings and lodging houses owned by the Council.

“The dwellings completed and opened during the year,” states the Report, “contain accommodation for 2508 persons in 3 tenements of one room, 106 tenements of two rooms, 169

tenements of three rooms, 63 tenements of four rooms, and 56 tenements of five rooms. Accommodation for 33,847 persons," also states the report, "was provided by the Council up to 31st March, 1906, the accommodation consisting of 1147 cubicles in Parker Street House and Carrington House, 1014 cottages and 5312 tenements in block dwellings."

The total loss of income due to empties was £12,756, or 9·45 per cent. of the gross rental, as against 11·65 per cent. in the preceding year. £64,617, or 47·86 per cent. of the gross rental was required for interest and sinking fund charges, whilst £14,372, or 10·65 per cent. was transferred to the repairs and renewals fund. The total expenditure on capital account on all the dwellings and estates up to 31st March, 1906, amounted to £2,305,431, which sum represents the actual payments made up to that date, and does not include liabilities under contracts for buildings in course of erection.

The net result of the year's working, according to the report, is to show a surplus of £2661 on all dwellings in occupation, which, coupled with the sum of £685 in respect of interest on cash balances, gives a total surplus of £3346. The same report states: "The total financial result on all dwellings and estates from the date of the opening of the first block in April, 1894, up to 31st March, 1906, shows that a sum of £56,882 has been temporarily defrayed out of the rates, of which a sum of £17,798 has already been repaid out of revenue from the dwellings, **leaving a net contribution (from the rates) of £39,084 up to 31st March, 1906.**"

The accounts also contain a statement showing that **the net capital expenditure incurred** by the Metropolitan Board of Works and the Council, **in the clearance of insanitary areas under schemes undertaken in accordance with the provisions of the Housing of the Working Classes Act, 1890, amounted, on 31st March, 1906, to £2,503,153.**—(Extracted from the L.C.C. Agenda for July 31st, 1906, p. 167, *et seq.*)

This 2½ millions is charged on the rates, not against the Housing Accounts.

The Clearance of Insanitary Areas.

The following table relating to the clearance of insanitary areas and rehousing, setting forth the distribution among the boroughs of the insanitary areas dealt with by the completed schemes of the Metropolitan Board of Works and the Council, is taken from *London Statistics* for 1905-6, Vol. 16, recently published by the Statistical Department of the London County Council (p. 125):—

Borough.	Acres cleared.	Number of working class persons occupying areas.		Total net cost falling on rates.	Percentage of total expenditure on completed schemes.
		Before clearance.	After reconstruction.		
				£	
Bathual Green ...	14·03	5,428	4,025	253,590	13·2
Deptford ...	2·75	1,055	456	28,207	1·5
Finsbury ...	7·93	4,097	4,100	335,813	17·5
Greenwich ...	7·10	1,824	1,022	86,962	4·5
Holborn ...	2·18	1,263	610	76,341	4·0
Islington ...	6·05	2,343	4,944	136,085	7·1
Lambeth ...	·54	459	332	9,779	·5
Poplar ...	4·23	1,290	2,391	72,873	3·8
St. Marylebone ...	1·79	806	1,249	36,408	1·9
St. Pancras ...	1·98	1,095	656	32,542	1·7
Shoreditch ...	·82	291	159	14,822	·8
Southwark ...	2·68	1,486	2,527	60,674	3·2
Stepney ...	18·35	10,433	8,135	544,287	28·3
Westminster ...	5·13	4,155	3,327	231,057	12·0
Total ...	75·56	36,025	33,933	£1,919,440	100·0

Thus the Council, in this part of its work, has evicted more persons than it has rehoused.

How "Revenue-Producing Undertakings" Accounts are manipulated.

The Finance Committee, in their report dated 18th July, 1906, states :—

"WORKING CLASS DWELLINGS.

" Under this head the district auditor calls attention to the departure from the practice hitherto followed of charging to the dwellings account in the case of dwellings erected for the rehousing of persons displaced under Improvement Acts a sum in respect of the valuation of the site as earmarked for dwellings, according to the estimate of the Council's valuer. The auditor says that this course, which has been hitherto followed, has always appeared to him to be reasonable, but **in the year 1904-5, there were three cases in which the Council charged as the value of the site, sums less than the valuer's estimates**, and he gives particulars of these three cases in his report. He states that he has passed the accounts as submitted to him, but trusts 'that the Council will give instructions for transfers representing full housing values to be made between the different accounts, as it would appear that the dwellings' capital accounts have been considerably undercharged.' . . . On 22nd July, 1902, we reported upon the case of the Rope-maker's Fields site, one of the three cases referred to by the auditor, on which Brightlingsea Buildings have now been erected to rehouse persons displaced by the Rotherhithe tunnel works. We pointed out that **this site** was scheduled to the Rotherhithe Tunnel Act for rehousing purposes, and **cost about £12,000 to acquire**, and that **the valuer had placed its value for housing purposes at £1,000**. The Housing of the Working Classes Committee, however, estimated that, even if the site were taken to be as of no value, they could not build dwellings upon it without showing a deficiency, and they asked that the dwellings scheme should be subsidised by a payment out of the Rotherhithe tunnel capital account of the amount of this estimated deficiency, viz., £397. . . . **The Council**

decided on 29th July, 1902, that the value of the land should be taken at nil, and that a capital subsidy should be made of £397.

“The Housing of the Working Classes Committee now point out that in spite of the fact that these dwellings are built in the most economical manner possible, they leave, even with the subsidy in question, an annual loss to the Council. . . . In another case, . . . viz., that of Bekesbourne Buildings, on the London Street, Ratcliff, site, also in connection with the Rotherhithe Tunnel, the Council decided to adopt the views put forward by the Housing of the Working Classes Committee that the value of the land in this case should be taken at nil, and that, in addition, the dwellings account should be credited with a capital sum of £6,535, that being the sum estimated by the Housing Committee to be required to preserve equilibrium, notwithstanding that the valuer’s estimate of the value of the site for housing purposes was £3,050.”—(L.C.C. Minutes, 1906, pages 291 and 292.)

Municipal v. Private Enterprise.

The Progressive Party are always talking of what the L.C.C. has done to provide houses for the working classes.

In “London Statistics,” Volume 16, 1905-6 (pages 130, 133 and 136), issued by the Statistical Department of the L.C.C., appear these facts and figures :—

I. Rehousing—	Number of Rooms provided.		Average Weekly Rent per Room.	
			s.	d.
London County Council	...	12,718	...	2 11
Local Authorities	...	1,697	...	—
Trusts, Public Companies, and private persons	...	20,424	...	—
Railways and other companies		8,201	...	—

II. Housing—

				s.	d.
London County Council	...	2,378	...	2	11
Local Authorities	...	4,272	...	—	
Trusts, Public Companies					
and private persons	...	84,522	...	2	4

Private v. Municipal Enterprise.

Therefore, we see from the London County Council's own figures, that the working classes of London from about 1883 up to March 31st, 1905, were provided with new working-class housing accommodation as follows:—

				Rooms.
Municipal	...	...	...	21,065
Private Enterprise	...	...	...	113,147

So private enterprise does more for the working classes than municipal effort under the direction of the Progressive Party.

Then Look at the Rents!

				s.	d.
Municipal (L.C.C.)	average weekly rent per room	...	...	2	11
Private Builders	„ „ „	„	„	2	4

Therefore, again, private effort charges a lower rent. In fact, on a four-roomed tenement, the municipal (L.C.C.) rent is **2s. 4d.** a week higher than private enterprise charges. That is a big sum of money to a working man and his wife.

The Progressive L.C.C. has evicted many thousands of people, but has not rehoused those people.

The truth of the matter is that private builders provide houses at cheaper rents than do the L.C.C., and that the Progressive Party during the 17 years in which they have had a majority on the Council have signally failed to materially remedy or diminish the curse of overcrowding in London.

The L.C.C. Housing Failure.

The Report of the Royal Commission on London Traffic contains some interesting references to the Housing Problem as affected by locomotion.* At the same time, the Report reveals the true financial aspect of L.C.C. housing schemes—from the ratepayers' point of view.

The Progressive Party continually assert that their housing schemes impose no burden upon the rates. The Traffic Commission's Report shows far otherwise.

Referring to the problem of overcrowding, the Commissioners say :—

1. That the overcrowding in the metropolitan area, which is admittedly a most serious evil, is, generally speaking, greatest in the central area, and tends to diminish towards the circumference.

2. That the average weekly rents for workmen's dwellings are highest in the central and most crowded districts of London, and tend to diminish towards the suburbs. The Statistical Officer of the London County Council states that, in the central area, the average weekly rent of newly-erected working-class houses is 3s. 3½d. per room, in the rest of the county, 2s. 4½d., and in "Extra London" is 2s. These figures can, of course, only be regarded as approximate.

3. That the price of land in the central districts of London makes it impossible to re-house the working-classes within those districts at rents which they can afford to pay without a heavy loss to those who undertake the re-housing. Also that the price of land a few miles out is still sufficiently low to admit of re-housing, without loss, at rents which the tenants can afford to pay.

An illustration of the loss incurred by re-housing the working-classes in the central portions of London is

* As to this, c. f. article on Locomotion, pages 119 to 121, Volume I.

furnished by some recent experiences of the London County Council.

In connection with certain street improvements, especially the formation of the new street from Holborn to the Strand now in course of completion, the Council was required, under the authorising Act, to build workmen's dwellings in place of those that were demolished. For this purpose they bought the Bourne Estate, close to the site of the improvement. The cost price was £201,107, being the commercial value. They were obliged to write this sum down to £44,000, its value earmarked for Artisans' Housing, and to debit the balance to the cost of Street Improvements. This was necessary in order to admit of charging rents within the means of the families to be provided for. Even after this writing down, they have had to charge rents of from 9s. 6d. to 11s. a week for a three-roomed tenement in order to reimburse themselves for this artificially-reduced outlay. The buildings erected will accommodate 2640 persons, and there is therefore a loss of very nearly £60 per head of the persons re-housed, and the whole of this loss falls upon the rates.

About the same time the London County Council purchased some land at Tooting, which is accessible by electric tramway, as well as by railway, in order to build workmen's dwellings. They acquired it at a price which required no writing down, and are now letting three-roomed cottages at Tooting at rents of from 7s. to 7s. 6d. per week; the Tooting scheme is self supporting.

The following figures will show how it is that the one scheme entails a very heavy loss, and the other entails no loss at all:—

	£	s.	d.
On the Bourne Estate, actual cost of land			
for three-roomed tenement	154	4	0
Cost of building, &c.,	307	8	6
Total	£761	12	6

On the Tooting Estate, actual cost of land				
for three roomed cottage	...	...	28	15 0
Cost of building, &c.	...	...	234	15 0
				<hr/>
Total	...	...	£263	10 0
				<hr/>

The lesson to be learned from the two cases just cited is confirmed by every housing scheme, without exception, that the London County Council have undertaken: wherever they have had to provide workmen's dwellings in the central districts, there has been a heavy loss. In effect the rents are largely paid out of the rates. In the few cases where they have provided workmen's dwellings outside, the schemes have been self-supporting so far as houses have been built.

A table appended offers a comparison of the cost of re-housing schemes which have been carried out by the London County Council in central districts, in accordance with the statutory requirements to re-house "on site," and of housing schemes voluntarily carried out by the London County Council in the suburbs for the purpose of providing dwellings. The result shows that, in the central districts the ratepayers have sustained a loss of £412,683 in re-housing 7586 persons on 18·55 acres; in the suburbs the Council have already housed 1797 persons on 14·15 acres without any loss to the rates.

This table shows practically every feature of a typical urban clearance scheme, and of a typical land purchase and construction scheme in the suburbs—in the one case, a great waste of public money and a still crowded population per acre; in the other case, no loss of money at all and a population housed in healthy surroundings.

Since the above Report was issued in July, 1905, facts have come to light which show that the suburban housing schemes at Tottenham, Tooting, and Norbury are anything but a success. At Tottenham many houses will not let. The rents are too high for the overcrowded poor. At Tooting the rooms are too small,

and not suitable for workmen. At Norbury little has been done so far as building is concerned. Certainly, the Norbury and Tottenham schemes are not for London workmen.

Moreover, in respect of these estates, the rates have been charged since 1902-3 with £23,471, and in 1905-6 it is estimated (L.C.C. estimates) that the rates will have to provide £8444.

The Housing Failure at Tottenham.

At the Council's meeting on May 23rd., 1905, Sir Melvill Beachcroft (M.), on the vote of £11,040 for Part III. of the Act relating to the maintenance and management of working-class dwellings, said that with reference to the White Hart Lane, Tottenham, Estate, there had undoubtedly been a dead loss year by year. The Council had expended over £100,000 to provide accommodation for the working classes, and of the houses erected only about 35 had been let. It was a pure speculation, and a very bad one. He desired to remind the Council that something like two millions sterling had been spent on the estate. Would it not be advisable to cut the loss before going further in a waste of the ratepayers' money? Private enterprise had beaten them at Tottenham. It was admitted that the Council could not compete with the private builder. From the figures he assumed that there would be a deficiency of £8000 on the estate during 1905-6.

Mr. W. W. Bruce (P.) admitted that in 1898 the Committee recommended the Council not to go outside the London County to buy up large estates not ripe for development. But suitable estates close to railway stations were already taken up. The Committee's difficulty was that the interest and sinking fund had to be charged upon the ratepayers whilst the estate was in process of development. No doubt the White Hart Lane Estate had been growing more valuable every year. It was true that £8000 had been dropped in interest and sinking fund in the estate. Local authorities were hostile to the purchase by the Council of estates outside the County. Their

architect put too much value into the structure of the workmen's cottages to enable them to be let as cheaply as private dwellings. When the White Hart Lane was bought, there was an idea that an underground railway was to be made from central London to the estate, and that two stations would be built on this estate. For reasons which were chiefly financial, Parliament had not passed the railway scheme up to the present time. When the railway scheme passed, houses on the estate would be taken up as quickly as they could be built. The Committee had a scheme under consideration to build cheaper cottages, and to give more accommodation, and no doubt the cottages would let.

Colonel Rotton (M.) said that in regard to the housing of the working classes the White Hart Lane Estate scheme was a dead failure. The working classes of London did not occupy the dwellings. They were totally unsuitable for working men. He was glad to hear that the value of the estate was going up. He thought the wisest course would be to sell it and to start afresh. The Council should have the candour to admit this housing failure.

Mr. J. T. Taylor (M.) said the local authorities put every possible obstacle in the Council's way, and increased the Council's expenditure. He did not blame the local authorities. They saw possibly that the Council was concentrating in their neighbourhood a large number of buildings of one type in excess of their requirements, and that this increased their Poor-Law charges and the cost of education. Another objection to the scheme was that the Council was building dwellings for Tottenham residents and not for London's poor.

Mr. J. Sears (P.), the then Chairman of the Housing Committee, described the debate as an unnecessary attack upon the committee. Instead of only thirty-five dwellings being occupied, fifty were let. Just before the Easter recess he told the Council that 32 cottages were let out of 141 built. The estate was progressing. He hoped to present a report next week which would go fully into the matter. The report would satisfy the Council that this estate was going to be developed and made as profitable as any

other property in the hands of the Council. At the end of the current financial year the Committee estimated that there would be a surplus of £2695 on the housing of the working classes schemes.

The vote was passed.

The Tottenham Housing Failure.

The Housing Committee on June 6th, 1905, presented a Report recommending a further capital expenditure of £13,919 in respect of the erection of sixty cottages on section B of the White Hart Lane Estate.

It will be remembered that the dwellings already erected on this estate are letting very slowly, and that the rents are higher than those charged for similar houses built in the district by private enterprise.

The Report of the Committee suggested that the slow development of the estate was due to (1) lack of school accommodation and shops; (2) the fact that the estate was not yet ripe for development; (3) the local authority's refusal to grant any compounding allowance off the rates; (4) the lack of travelling facilities between the central parts of London and the Council's dwellings.

The only satisfactory feature of the Report was the statement that at last the Committee had accepted the Moderate suggestion that simpler dwellings should be provided, that private builders should undertake the work of construction, and thus enable lower rentals to be charged.

Mr. H. Percy Harris (M.) appealed to the Council for a full report on the financial position of the estate. He moved to refer the matter back for a full report on the financial condition of the scheme.

Sir Melvill Beachcroft (M.) said that the Council had purchased the estate with the object of housing over 40,000 people. It had again and again been urged that the overcrowding

problem was one demanding instant action. So far as White Hart Lane was concerned, a mere handful of people had been housed there. Many cottages were empty, and he doubted the wisdom of building more cottages until those had been let. Why did not the Council build something in the nature of a Garden City? He seconded Mr. Harris's amendment.

Mr. W. Crooks, M.P. (P.), argued that the Council was ahead of the Garden City movement. An exhibition was to be held on the Garden City site to see if cottages could be built for £150. The Housing Committee was going to build cottages at £158 each.

Mr. J. E. Sears (P.), the then Chairman of the Housing Committee, said the difficulties of the estate were gradually being overcome.

On a division, the amendment was lost by 66 votes to 17.

Rotherhithe Housing Failure.

A Report of the Bridges Committee, presented February 14th, 1905, stated that the Committee had had under consideration the question of completing the housing scheme in connection with Rotherhithe Tunnel. The scheme proposed in November, 1903, provided for 1,707 persons. Three sites were selected. Out of a total of 255 tenements only 117, capable of accommodating 578 persons, had been let, leaving 138, containing provision for 692 persons, still unlet. The Committee deemed it advisable, therefore, not to press forward the erection of dwellings on two of the sites until the lettings of the other tenements showed some signs of increasing.

The L.C.C. Housing Failure.

On several occasions recently public attention has been called to the failure of the housing policy of the L.C.C.

The problem that the Council in 1890 was called upon to solve was to provide decent housing for the overcrowded poor. Now, according to Mr. Charles Booth, the "overcrowded poor" number some 800,000 persons, and the wage-earners in that

class receive anything from 14s. to 22s. a week on the average—not more.

It would seem, therefore, that the way to solve the problem was for the Council to provide dwellings at a rent within the means of the overcrowded part of the community. Fifteen years' municipal work in London has seen nothing practical done towards housing the poor by the Progressive Party.

The policy of the Council may be divided into two periods—before 1898 and after. Before that year the method adopted was to purchase and clear slum areas, and erect thereon dwellings most substantial in character and of excellent design. The result of the Council's operations under Part I. of the Housing Act, up to the end of 1898, was that it had cleared one large slum and a few small ones, and had displaced more people than it had rehoused. The people who occupied the new dwellings did not belong to the overcrowded class. The rents were too high and the regulations too severe.

After 1898, the Council resolved to turn over a new leaf. It determined to rehouse as many people as it evicted, and to take action under Part III. of the Act. An amending Act of 1900 removed a restriction limiting operations under Part III. to the County of London. And the Council, therefore, proceeded to buy huge estates, inside and outside London, and to erect workmen's dwellings thereon. The largest of these municipal estates were situate at Norbury, Tooting, and Tottenham. It is to be observed that in regard to Norbury, the then chairman of the Housing Committee declared that "the plan was not one to house the poorest class."

The cost of these three schemes was estimated as follows:—

Tooting,	£400,238	...	Accommodation	8,300
Norbury,	£283,000	...	„	5,800
Tottenham,	£1,972,602	...	„	42,500

The debate at the Council on May 23rd, 1905 (cf. pages 105-106 *supra*), shows that the second policy has not, so far, been any more successful than the methods in use before 1898.

The houses do not let ; the rents are too high ; the dwellings are not within the means of the overcrowded poor.

With regard to Tottenham, in 1901 the Moderate minority moved an amendment to the scheme which would have secured that "the cottages should be so constructed that the rents demanded should be within the means of the class earning less than 30s. per week." The Progressive majority defeated that proposal. Mr. D. S. Waterlow, the Chairman of the Housing Committee, said the rents would be, "for first-class cottages, with five rooms and kitchen, 10s. 6d. per week ; second-class, with four rooms and kitchen, 9s. 6d.; third-class, with three rooms and kitchen, 6s. to 7s." That was the promise ; the performance is different. The rents are far higher than the figures stated when the scheme was under discussion. The fact is that private enterprise at Tottenham has beaten municipal effort. Private builders can provide as good accommodation as the London County Council, and at a cheaper rent.

Apart from that point, the main question is, What is the Council doing for the overcrowded poor ?

The Municipal Reform policy is to build less elaborately and to provide for the poor. But these suggestions have never been accepted. While other great municipalities, faced with the same difficulties as London, are able to provide houses within the reach of the very poorest of their inhabitants, the London County Council has utterly failed to do so.

The first policy prior to 1898 failed to rehouse the poor ; the second policy has failed to attract even the custom of the class above the overcrowded poor.

Probably the development of locomotion may lead to the better patronage of these municipal estates. Even then, the overcrowded problem remains to be solved.

L.C.C. Regulations for Tenants.

From the London County Council's Report, entitled "Housing of the Working Classes," and issued on the 17th

October, 1906, we find that the financial result of the year's working of all dwellings and sinking charge funds on the capital expended is a surplus of £2661 0s. 4d., which, after adding interest on cash balances of £685 16s. 3d., gives a total net surplus of £3346 17s. 7d. If, however, the accounts of this Committee had not been manipulated, and sites had been debited against the Housing Committee at their proper value for housing purposes, this surplus would have been converted into a heavy loss. We gather from the same report that the expenses of management for the year amount to 40·23 per cent. of the gross rental. Officialism is always expensive, and officialism is rampant in the L.C.C.'s housing administration. We append an official statement of the conditions under which tenants are allowed to enter into occupation. They give a fair idea of a denial of freedom which could scarcely be more oppressive in a fully established Socialistic state.

“ LONDON COUNTY COUNCIL.

BOUNDARY STREET ESTATE.

“ The London County Council, by Samuel George Burgess, their Housing Manager and Agent, do hereby agree to let, and I _____ do hereby agree to take on a weekly tenancy, from Monday, the _____ day of _____, 190____, Tenement _____ at a rent of _____ per week, payable weekly in advance, and subject to the following Conditions of Tenancy.

* * * Tenants are particularly requested to read and shall be deemed to have read the Conditions of Tenancy.

CONDITIONS OF TENANCY.

“ 1.—Each tenant on taking possession will be supplied with one key of each lock in the tenement and two keys of the entrance door.

2.—The rent shall be paid in advance on Monday to the superintendent at the Estate Office, No. 28, Calvert Avenue.

3.—The Council may apply money paid as rent in advance and the deposit hereinafter referred to in or towards replacing any keys lost or

damaged, or repairing any damage for which a tenant may be liable, or towards any deficiency in respect of the automatic gas meter under condition 15 hereof, and any money so applied shall not be considered as rent in advance though it may have come into the hands of the Council as such.

4.—No tenant shall underlet or take in lodgers, or use a tenement as a shop or a workshop, or expose any goods or materials for sale or hire therein, or assign this agreement.

5.—The stairs and landings shall be swept daily, and washed every Saturday by the tenants in turn, in the order directed by the Housing Manager.

6.—Tenants shall sweep all the floors of their tenements regularly and wash them once a week, and generally keep their tenements in a clean and wholesome condition.

7.—Tenants shall not hang up on the staircases or from their windows, or in any way expose to public view, any washing or any unsightly objects whatever.

8.—Carpets, mats, &c., must be beaten or shaken before 10 o'clock in the morning, and must not be beaten or shaken at any time on the landings or in the corridors.

9.—Refuse must not be thrown from the windows or doors, but must be deposited in a pail which will be supplied for the purpose. The pails must be emptied daily by the tenant into the dust bin in the yard.

10.—Tenants must pay the cost of replacing any windows broken in their tenements during their tenancy, and of repairing any damage to the rooms other than that arising from ordinary wear and tear; they must also pay the cost of replacing keys lost. If on vacation by a tenant the tenement shall be found to be in a dirty condition requiring special cleansing the tenant shall pay the costs of such cleansing.

11.—Tenants are to clean their windows at least once a week, and those of the staircases and corridors in turn.

12.—Tenants are particularly requested to see that their children do not chalk upon the buildings.

13.—Tenants shall immediately report to the Housing Manager, through the resident superintendent, any birth, case of infectious disease, or death in their tenements. Tenants shall cause any case of infectious disease to be removed to the proper hospital without delay.

14.—The Council shall be at liberty, by its agents or workmen, to enter any tenement to inspect the state of repair of the tenement, or for any other purpose at all reasonable hours of the day.

15.—The Council shall be at liberty, by its agents or workmen, to enter any tenement to take the reading of, or collect the pence from, the automatic gas meter. The amount shown to be due by the reading of the index at the

time of collection shall be deemed to be owing to the Council, and any deficiency must be paid by the tenant to the collector.

16.—The lights in the corridors and staircases and in the yard will be turned out at 11 p.m., and the gates or entrance doors will be closed at such hours as the Housing Manager shall appoint.

17.—Nails are not to be driven into the walls. Proper hooks for hanging pictures thereon may be obtained of the resident superintendent upon payment.

18.—The Council may determine any tenancy by giving to the tenant a week's notice signed by the Housing Manager. In case of breach by the tenant of any of these regulations, the Housing Manager may determine the tenancy summarily at any time.

19.—Any tenant wishing to vacate his tenement shall give one week's previous notice in writing to the Housing Manager, through the resident superintendent; such notice to be given on a Monday.

20.—The sum of five shillings is to be paid by the tenant on entering on the tenancy, and shall be applied by the Council in or towards the cost of replacing any keys not forthcoming on the determination of the tenancy, towards rent in arrear, or towards the cost of any damage or other expense payable by the tenant under the above conditions, and subject thereto is to be repaid to the tenant on the determination of the tenancy.

NOTE.—Rates and taxes will be paid by the Council.

As witness our hands this _____ day of _____, 190 .

Tenant _____

Housing Manager _____

Superintendent _____."

High Rents.

Another criticism directed against the Council's housing policy is the high rents charged for the dwellings. A report of the Housing Committee, dated 17th January, 1903, stated:—

At present, the rents of one-roomed tenements (with scullery) vary, according to locality and class of building, from 2s. 3d. to 5s. per week; of two-roomed tenements, from 4s. 8d. to 9s. 6d. per week; of three-roomed tenements, from 5s. 6d. to 10s. 6d. per week; of four-roomed tenements, from 7s. to 12s. 6d. per week; and of five-roomed tenements, from 12s. to 13s.—(L.C.C. Minutes, p. 1029.)

The mass of the overcrowded poor earn on an average anything from 16s. to 22s. a week, and the stringent regulations

and the high rents charged by the London County Council preclude occupation of the dwellings by those for whom they should be intended.

The cause of the high rents may be largely attributed to the extravagant designs and ornamentation of the dwellings. On April 2nd, 1903, during a debate in the House of Commons on the administration of the Housing Acts, Mr. Walter Long, M.P. (the then President of the Local Government Board), said :—

The Department had been asked to adopt one of the recommendations of the Committee, that buildings should not be of a pretentious character. That had been the object of the Department ever since it had been responsible for the Acts. It was constantly endeavouring to cut down the amount which the local authorities were seeking to spend under this head, and to curtail unnecessary extravagance.

No Houses for Poor Parents with Families.

The Daily Express of January 8th, 1904, gave some instructive information as to the failure of the London County Council housing policy :—

Inquiries as to what the County Council were doing to mitigate this serious social evil showed that this body, which has spent or proposes to spend, three millions in housing the poor, is one of the greatest offenders.

"The standard fixed by the Council," said an official yesterday, "is two persons per room. A child up to five is not reckoned; between five and ten it is counted as an adult."

This did not, however, reveal the whole story. On the Millbank site a tenement of four rooms costs 13s. per week. This will accommodate father, mother and baby, and four children under the age of ten. At East Greenwich two County Council rooms can be had for 4s. 6d., while a rent of 9s. 6d. per week must be paid for the same accommodation at Holmwood Buildings. Three rooms cost 6s. 3d. at Hughes Fields Cottages, and 10s. 6d. at Millbank and Boundary Street, Bethnal Green.

In the Council's dwellings are clergymen, doctors and others who work among the poor. There are 293 labourers, 207 policemen, and 115 tailors out of the 14,000 people living in County Council dwellings.

"Overcrowding is not allowed," said a County Councillor, "and we were obliged to turn out fifteen families last year on that account. More than 1000 tenants are leaving each year, and the number seems to be increasing."

Municipal Reform Policy.

(1) *To administer zealously and effectively the powers of the Housing Acts, including those authorising the purchase of sites for cottages and other dwellings, apart from clearance schemes.*

The duty of Municipal Reformers is to give full effect to the measures already in existence.

The late Lord Salisbury, speaking in the House of Lords in 1899 upon the London Government Bill, said, with reference to the power bestowed by the Bill upon the Borough Councils for buying land under Part III. of the Housing Act for workmen's dwellings:—

The difficulty of the conditions is that the ordinary economic laws do not come into play. You are yourselves obliged constantly to destroy vast masses of poor men's dwellings, and every effort to provide an adequate substitute has hitherto, I am afraid, been a failure. The London County Council has undertaken part of the duty; but it will not be only on the London County Council that this duty will fall—the duty of providing, I will not say of providing, but of striving to provide, adequate lodging for the vast multitudes who inhabit this city. It is one of the principal duties which these municipal bodies will have to perform.

The London County Council must do its part of the duty.

(2) *To provide accommodation equal to that destroyed under clearance and improvement schemes; to strive to rehouse as many as possible of the actual persons displaced by providing accommodation before displacement and otherwise; and to make special efforts to rehouse those whose employment compels them to reside in the neighbourhood of the improvement.*

It is clear that to displace a large number of persons, and then, perhaps years afterwards, provide accommodation less than that destroyed is not "rehousing."

"The net result," says *The Daily News* writer, "of some of the Council's schemes is that a district has become more overcrowded than ever. The people from the cleared slums have been driven to overcrowd the already overcrowded smaller tenements lying around, and a better off class of people from other districts have settled down on the cleared area.

On the Boundary Street (Bethnal Green) area, artisans and warehousemen have come in from such outlying districts as

Stratford, Leyton and Walthamstow. The dwellings too are largely occupied by aliens.

Accommodation should be provided wherever possible before displacement, and then, even if the persons displaced do not move into the new buildings in any numbers, others in the neighbourhood may move into them, and thus make room elsewhere for those displaced.

The Council can buy sites under Part III. of the Housing Act and use them for rehousing purposes, and it has done so recently in connection with the Holborn to Strand Improvement. Parliament has facilitated this course by the provision in Mr. Chaplin's Act of 1900 as to the keeping of accounts of schemes carried out under two Parts of the Act. The special claim upon the Council of the people displaced, whose calling compels them to live in the particular neighbourhood, is manifest.

(3) To promote greater economy in building and management, so that the rents may be within the reach of the poorer classes.

The Council builds houses which it is said will last for 200 years, but their cost is such that rents have to be fixed at high figures. The rents* at Boundary Street vary from 5s. 6d. to 8s. for tenements of two rooms, and from 7s. 6d. to 10s. 6d. for three rooms. At Millbank the rents run from 6s. to 8s. 6d. for two rooms. Liverpool has built dwellings at 1s. a room and Birmingham cottage flats at 2s. 6d. a week, and although it may not be possible or desirable to follow these examples, it is imperative to reduce the cost of the Council's dwellings. The houseless Londoner wants a decent roof over his head, not a stylish dwelling which will last 200 years. The latter may be something for the Council to boast of, but it does not benefit the poor.

Business methods are wanted and no fads. For example, the Council's houses have in some cases cost more than they ought because the Works Department have exceeded the estimates. The extra cost has to come out of the tenant's rent.

* NOTE.—These figures are taken from page 130 of "London Statistics," 1905-6, issued by the L.C.C.

Why should the cause of housing be sacrificed to the Works Department?

(4) *To maintain the general rule that building schemes should be such as to involve no charge on the ratepayers.*

This is the working rule which now obtains in the Council. Land bought under Part I. is written down from its commercial value to its housing value, and the difference is charged to the rate. Subject to that, the schemes have to show a return sufficient to meet the charges for sinking fund and interest, except in special cases; for example, where the Council is obliged to build on a particular site. Where the Council buys lands under Part III., apart from clearance schemes, the return must be sufficient to cover the charges in respect of the commercial value of the land and buildings.

(5) *To aim not at competition, but co-operation, with the Borough Councils, Industrial Dwellings Companies, landowners and others, in order that all proper agencies may take part in supplying the pressing need of increased house room for the poor.*

The Council must conduct its operations with judgment, if it is not to defeat its own object, which is to promote the provision of adequate and healthy accommodation for the working people. It cannot itself erect all the houses needed for the overcrowded and ever-increasing population; the enormous capital which would be involved, and the weight of other duties would render such a task impossible, even if desirable. The greater part of the work must, therefore, be performed by private agencies, and if the Council, by entering the field as a builder of houses, were to discourage or lessen the activities of such agencies, its action would prejudice rather than advance the object in view.

But this result need not, it is believed, be feared if the Council (a) conducts its own building operations and general policy upon definite principles; (b) encourages the work of other agencies by seeking their co-operation.

Suppose, for example, the Council makes these its aims—to house some of the poorer classes for whom little is done at present, to build where immediate relief would be afforded to

badly congested districts, to buy sites in anticipation of extension of its tramway systems, with a view to future developments, and so forth. Aims such as these would not involve the mischief which might flow from casual and uncertain procedure. The Council can also minimise the possibility of such mischief and promote its main object by co-operating with other agencies :—

1. **BOROUGH COUNCILS.**—These bodies are the local health authorities, and have power to provide dwellings under Part III. within their respective boroughs. The County Council must keep in close touch with them in order to prevent overlapping, and to take advantage of their local knowledge with reference to schemes affecting their boroughs. They might also undertake the management of dwellings erected by the Council.

2. **INDUSTRIAL DWELLINGS COMPANIES.**—The Council has now power to lease land, whether acquired under Part I. or Part III. The experiment should be tried of enlisting the co-operation of these companies, by inviting them to erect and manage dwellings upon sites leased to them by the Council upon conditions securing the proper use, repair and maintenance of the buildings. So far as the Council was able to get sites developed in this manner, it would free capital and energy of its own for other housing work. It would be both providing for the need and stimulating others to provide for it. The Council has also the power, which might be exercised, of lending money for the purposes of workmen's dwellings.

3. **LANDOWNERS.**—The Nightingale Street Scheme, 1899, is an instance of what can be done by co-operation with owners. Here the Council used its powers to acquire an insanitary area occupied by 576 persons of the working class, and handed over the property to a freeholder, on his reimbursing the Council. The freeholder is erecting dwellings for the entire number of persons displaced, and providing a playground. The freeholder could not get possession of the property without the Council's aid, but the result of co-operation is that a slum will be removed and healthy dwellings provided without any cost to the public.

This precedent should be followed in other cases, and, if necessary, powers should be sought from Parliament to facilitate similar operations.

4. LOCOMOTION.—Increased means of locomotion will do much to relieve the congested districts. By the appointment of the London Traffic Board (opposed by the Progressive Party), the first step would be taken towards the realisation of a scheme by which railway companies might undertake a land scheme, providing Garden Cities, and giving cheap travelling to and from London. This plan has been adopted in America with great success. The loss through cheap fares is recouped by the profits on the land scheme which might provide for cheap workmen's dwellings purchasable by instalments.

Progressive Policy and the Building Trade.

In conclusion, it may be fairly stated that far from facilitating the removal of over-crowding in London, the action of the Progressive Party has done much towards checking private building operations, and consequently has directly tended to diminish the supply of houses in and about London.

For example, in a letter to *The Westminster Gazette* of September 10th, 1906, A. N. writes:—

" . . . it was disheartening to find you attributing the depression in the building trade to the expenses of the Boer war.

"For at least ten years those who have opposed municipal extravagance have predicted as one of the inevitable results a crisis in the building trade, and now that the crisis is close on us it is attributed to some other cause.

"With sincere respect for your leader writer, I should have thought that a policy which has resulted in increasing the annual burden on occupied houses by 30 per cent. in ten years could not fail to check building operations. For my part, I believe the crisis will be long, severe, and almost universally felt in all boroughs where the rates have largely increased.

"The trade returns, the income-tax returns, the universality of employment at high wages, show that there is no want of money or of profitable enterprise in the country. The general public, particularly the middle class, are housing themselves as best they can with a single eye to avoid any increase in rates which they can ill afford, and which they almost passionately resent as a cruel and unjust imposition."

The L.C.C. and High Rents.

Striking evidence was furnished only quite recently of the fact that the rentals charged by the L.C.C. for their dwellings are quite out of reach of the means of the class for whom accommodation was intended to be found.

“Dr. Waldo, holding an inquest at Southwark, on January 1st, 1907, on a baby that had been overlain,” states *The Standard* of January 2nd, 1907, “made some remarks on the rents charged for rooms in the London County Council’s model dwellings.

“The child’s father said he lived with his wife and family in one room in Webber Street. He paid 3s. 6d. a week rent.

“The Coroner: What are the rents of London County Council model dwellings?

“A Juror: Five shillings for one room, 6s. 11d. for two rooms, 8s. 3d. for three, and 11s. 6d. for four.

“The Coroner: It is impossible for poor people to pay such rents. Could you afford 5s. for one room or 6s. 11d. for two?

“The Father: No, sir. When in work I get about 23s. a week, and 3s. 6d. out of that makes it a struggle for me and my wife to live.”

The following weekly rents charged by the L.C.C. for tenements in working class dwellings owned by them are taken from “London Statistics,” 1905-6 (page 130), issued by the Statistical Department of the L.C.C. :—

Dwellings.	Rent per week of Tenements.		
	1 Room.	2 Rooms.	3 Rooms.
Bourne Estate	4s. 6d. to 6s.	7s. 6d. to 8s. 6d.	9s. 6d. to 11s.
Churchway Dwellings ..	4s. 6d. and 5s.	7s. to 8s.	9s. 6d. to 10s. 6d.
Millbank Estate	4s. 6d. and 5s.	6s. to 8s. 6d.	8s. to 10s. 6d.

The Works Department.

The Socialist Progressive Party, in pursuance of its policy of municipal Socialism, took advantage of the unfair conditions imposed upon contractors by the Council in 1892 to propose the institution of municipal workshops.

On May 27th, 1892, on the motion of Mr. (now the Right Hon.) John Burns, the Council adopted and referred to a committee this resolution:—

“That all contractors be compelled to sign a declaration that they pay the trades union rate of wages, and observe the hours of labour and conditions recognised by the trades unions in the place or places where the contract is executed.”

This literally meant that the trades unions alone should fix the rate of wages to be paid by the contractors. The labour clauses introduced into the form of contract adopted by the Council were so distinctly unfair, that leading contractors would not submit tenders. This abstention led to the unfounded charge that there was “a ring” of contractors, and the fact that certain tenders exceeded the estimates afforded the necessary excuse for establishing, in November, 1892, a Works Department.

As the late Lord Farrer (then Sir T. H. Farrer, Bart.) pointed out, in an able memorandum on the subject, by its action the Council was—

“Therefore, committed to the policy of doing its own work and erecting its own buildings without the intervention of a contractor, and

it has been driven into this course, not only by *a priori* consideration of expediency, or by socialist theories of municipal action, but **by its own previous dealings with contractors' wages, which had made it impossible for contractors to tender except at an exorbitant price.**"

Instead of beginning on a small scale and extending operations as experience was gained, a large central establishment and workshops were got together, and the supervision of the Department was entrusted to a Committee of twenty-three members, mostly amateurs, who invited as much work as possible from the Council at a time when, according to the Comptroller, neither the establishment, the premises, nor the organisation were ready to cope with it.

Nevertheless, when the Department had to explain a considerable excess of expenditure over the estimates, the excuse was tendered that the premises were insufficient for the work thrust upon them.

Objects of the Department.

The three main objects which the Progressives urged would be gained by establishing a Works Department were:—(1) Better work; (2) Higher pay and shorter hours of labour for workmen; (3) A saving of the contractors' profit of ten per cent.

Early Failures.

The translation of theory into practice is never an easy task; and in the initial stages of any organisation it is a good defence against criticism to plead the natural disabilities which attend every experiment. Therefore, the early failures of the Department did not call for wholesale condemnation. But fourteen years have elapsed since Progressive theory changed, as by a rub of Aladdin's lamp, into a huge municipal works depôt—a period ample enough to prove its wisdom or its folly.

Three years passed, and the results were not those anticipated by the Progressives; nevertheless, Mr. John Burns then described the state of things as—

The beginning of greater success in the municipal socialism the Council has done so much to justify and realise.

But Mr. Dickinson, the then Progressive leader, could only hope that—

As the organisation perfected, the financial gain would be greater.

It was hoped, in fact, that the future would atone for the shortcomings of the past.

“Cooking the Accounts.”

The organisation was “perfected.” At the end of 1896, the Comptroller brought to notice a series of grave irregularities in the book-keeping of the Department. A Special Committee of Inquiry was thereupon appointed, with two expert assessors and an accountant and an architect of high standing, to investigate the whole system and methods of the works management.

It is unnecessary to refer to the false entries in the accounts, save to state that their object was not to misappropriate money, but to veil the excessive cost of certain works by transferring expenditure incurred on them to the account of other work which, being within the estimate, could bear a little fictitious loading.

The gravity of the offence lay in the fact that it was a deliberate attempt to deceive the Council and the public as to the real working of the Department. At the same time it was a clear admission that the Department had failed.

Report of the Special Committee.

The investigation led to the dismissal of the manager, and to important changes in the control of the Works Department. The Progressive majority, on the Report of the Committee of Inquiry, presented a report with recommendations and the Moderate minority did the same.

The reports agreed that, by amendment of the labour clauses in the standard form of contract, the door should be re-opened to the best class of contractor. The right of inspection of accounts, accordingly, was limited to the wage and time-sheets; and in place of the stipulation that the rates of wages should be those settled by one party to the bargain, **the basis was in future to be the rate agreed upon between associations of employers and trades unions**, and in practice obtained.

As regards the future management of the Department, the majority report suggested a Board composed of the Chairmen of the Finance and Chief Executive Committees, eight in number. But, on the motion of a Moderate, it was resolved that the manager of works should stand in the position of a contractor to the various Committees having work to be executed, whilst the financial control of the operations should be vested in the Finance Committee. The arrangement was proposed as a temporary measure only, in view of the approaching election of 1898; but the Progressive majority, in spite of their regret at the abolition of the old Works Committee—often expressed by the Labour Bench—allowed the Department to be conducted, for five years, on the lines adopted in 1897.

Reconstitution of the Works Committee, 1902.

The Department, however, became so disorganised that the manager retired, and in March, 1902, the Council decided to

reconstitute a Works Committee, to which is referred the carrying into execution of all works which the Council resolves to execute by direct employment of labour.

The First Object.

The first main aim of the system of direct employment of labour was to secure better work than could be done by the contractors. The conclusion of the expert, Mr. Grunning, who was called in by the Council at the special inquiry of 1896 into the management of the Works Department, was that :—

“On the whole, I had no doubt that all buildings, whether executed by contractors, or Works Department, are structurally sound and substantially and well built.”

This statement was corroborated by **Sir Alexander Binnie, the Engineer**, and by **Mr. Blashill, the Architect**, to the Council, who both stated that they were unable to draw any distinction as to quality between the work done by the Works Department and Contractors.

Bad Work.

With regard to West View Cottages, one of the early works of the Department, Mr. Grunning stated :—

“The joinery is very inferior, certainly the worst I have seen in all the buildings of the Council. The wood is inferior, had not been properly seasoned, was patched in places, and very full of shakes and hard knots. I understand that some of the defects had been remedied prior to its being seen by Mr. Cubitt Nichols, but I am not surprised at some of the remarks he made on this subject. There can have been no proper supervision or selection of material when issued to the joiners’ shops.”

Again, as to Colney Hatch temporary buildings :—

“The flooring, which, I understand, is of two thicknesses of three-quarter inch boarding, is of very good quality, but the match-boarding throughout is the worst I ever saw. The boards are about seven inches wide (batten width), beaded on one end with solid tongues. The wood itself seems to be spruce, fit only for packing cases, &c., and although I was told it had been two years in stock before use, it had

in many places shrunk to such an extent that the tongues had come completely out of the grooves. The workmanship was rough in the extreme, though parts had been hand-planed on the job, and other parts had been smudged over with opaque stain or paint before being varnished. How such stuff came to be purchased for the Works Department I cannot conceive. On the other hand, some of the joinery, such as partition work, which was panelled and moulded, was of very good quality both as to material and workmanship."

Slow Work.

One point of criticism of the Department's work is its extreme slowness as compared with the work done by contractors.

One of the most flagrant cases is that of the drainage of North Woolwich, where the actual cost exceeded the final estimate by £16,714.

Sir Alexander Binnie, the Chief Engineer of the Council, said:—

"That the work was from the very first badly mismanaged . . . It has taken four years to execute whereas it should have been completed in eighteen months."

And he also added:—

"I cannot close this report without drawing the Committee's attention to another work now under construction, which, unless some improvement be made, will, I fear, result in the same unfortunate manner. I allude to the tunnel under the Lee, in connection with the Hackney Wick sewer. This tunnelling was commenced about the beginning of February, 1901, and up to the 30th November last, or in a period of ten months, about 681 feet in length of the iron rings had been completed. It is only necessary for me to draw the Committee's attention to the rate of progress under the contract for a larger and more difficult tunnel—that at Greenwich—the driving of 1200 feet of which, wholly under the River Thames, was finished in nine months."

Sir Alexander Binnie concluded his report by stating:—

"It is well known to the Committee and the Council that from its initiation I have strongly, and to the best of my ability, supported the Works Department, and I am sure that they will not impute to me any animus in the above remarks; but having been called upon to make them, I feel it my duty to speak plainly, and can but regret that this—one of the last reports which I shall write while in the Council's service—should have to be couched in such unfavourable terms."

After such a strong condemnation from so staunch a supporter of the Works Department, no further comment is necessary.

Similar delay and waste of time occurred in the reconstruction of No. 17, Fleet Street.

The Second Object : Better Pay and Labour Conditions.

The next great aim expected to be attained was better pay and conditions of labour for the workmen. But **both the contractors and the Department are bound to pay to all workmen the rates of wages and to observe the hours of labour and conditions agreed between trades unions and employers.** Thus, again, we have equality between the contractors and the Department. In the treatment of employees, one is not better than the other. Indeed, if the Works Department ventured to pay a higher rate of wages than that in practice paid by the best employers, it would be creating a privileged class of workmen, and there would be strong ground for suspecting the existence of corrupt influence.

Disadvantages of Municipal Labour.

While on this point, it is important to observe that the system of municipal labour has produced two salient evils—one, at least, familiar enough to students of social history. The first evil is that the Works Department labourer, taking as his motto : “ A minimum of work for a maximum of pay,” does not work with the energy that he does for a private employer. The second weakness is the power of the vote which is wielded at municipal elections by a large body of municipal workmen. The undue pressure which is brought to bear on the Councillors by their workmen, on the eve of such elections, is distinctly inimical to pure administration. This evil is naturally intensified as the number increases.

The Socialists fully recognize what a powerful means of bringing pressure to bear they have here, as is shewn in the work of the well-known Socialist, Mr. Sidney Webb, L.C.C., entitled *The London Programme*. On page 84 of this work, Mr. Webb, in referring to the municipalisation of tramways, says :—

“ Here is one practical method by which the wage-earners, as municipal electors, can secure their ends by less barbarous methods than industrial war. Where industry is carried on, not for private profit but for the public convenience, it is obviously for the collective public to determine the conditions of employment. A labour revolt against a town or county council elected by a labour vote is an obvious absurdity. In the final stage of industrial organisation **the ballot-box logically replaces the strike**, and ‘ industrial peace,’ no longer tottering in the unstable equilibrium of the ‘ labour war,’ rests at last ‘ broad based upon the people’s will.’ ”

(See also as to this, the Article on “ Municipal Trading,” and especially page 45.)

The “Ca’ Canny” System.

An instructive address was delivered by Mr. Holloway (then Manager of the Works Department) to the employees at their annual outing in September, 1893. Mr. Holloway said :—

“ On the success or non-success of the Works Department of the County Council will depend in a very great measure whether the same system was to be tried throughout the entire country. The success of the work depends as much upon the humblest individual as it does upon those occupying the higher positions, and the only means by which the undertaking can be brought to a successful issue, and which would thoroughly justify the action taken by the Council, is that every man should make up his mind that on entering the Council’s service, he will render an honest day’s work for the honest day’s wage which he knows he will receive. It is a great mistake for anyone to enter the Council’s service and expect to receive good money without doing good work.”

Mr. Lyon, L.C.C. (Progressive), on the same occasion, said :—

“ The Works Committee want to be judged by results and results only, and we look to the men to bring success. There must be no shirking of work. You shall have your rate of wages ; we rely on you to give us the value of those wages.”

Alderman Taylor (Progressive) also spoke, and pointed out that :—

“When it was first proposed on the Council to employ their own men, the enemies of the proposal used as their chief argument the allegation that workmen employed by a corporate body would shirk their work. It rested with the workmen themselves to give the lie to that insult to labour. He felt confident the men would do so. **Upon the success or failure of this experiment depended the future of the labour movement.**—(*London*, September, 1893.)

“These appeals, however, did not meet with any response from the men, and the confidence felt by Mr. Alderman Taylor, that the men would give the lie to the insult to labour contained in the allegation that workmen would shirk their work, was not realised.

In April, 1895, an official report stated—

“A large portion of the excess is due without doubt to the fact that for some time after the Works Department was established, there was a tendency on the part of the skilled workmen in our employ not to do the same amount of work for the Council as they would be expected to do for a contractor, and it was only after repeated dismissals that this idea was shaken.”

This disposition to give a minimum of work for a maximum of pay still exists among the employees of the Works Department, and ‘labour troubles’ are as rife under Municipal Socialism as under private enterprise.

Only this very Autumn (1906), a strike took place in Halifax on the part of the tramway employees of the Corporation, which in point of savagery equalled, if it did not surpass, any directed against a private company.

Even *The Municipal Journal*, the organ of Progressivism in London, in an issue of September 7th, 1906, tearfully had to admit :—

“Serious issues are raised by the strike of tramwaymen that commenced at Halifax on Saturday, and is still in progress. **Here is a body of municipal employees whose wage and general labour conditions are amongst the best obtaining anywhere in the United Kingdom under either local authority or company, holding up an important industrial centre for the flimsiest of reasons.**”

On the 5th December, 1901, the manager of works, in his report on the North Woolwich drainage excess, stated :—

“Several strikes also took place after this date, and later, the work was stopped one week, and is still suffering more or less interruption,

owing to the bricklayers striking for 1s. 2d. per hour on a certain portion of the work; they were paid off, and there has been some difficulty in getting a requisite number together again."

The Third Object : to Save the Contractors' Profit.

There remains, therefore, only the third, and, perhaps, the most attractive, reason advanced for the institution of the Works Department, namely, that it would save the contractors' profit of 10 per cent.

Since the creation of the Department in November, 1892, the totals of the final estimates and actual cost to the period ending March 31st, 1906, are as follows :—

Final Estimate.	Actual cost.	Alleged Saving.
£3,211,749	£3,192,629	£19,121 (<i>i.e.</i> , .595 per cent.)

The half-yearly returns since March 31st, 1896, inclusive, are as follows :—

		Final Estimate.	Actual Cost.		Saving (—) Excess (+)
March 31st, 1896	...	85,244	80,912	—	4,332
September 30th, 1896	...	23,218	25,696	+	2,478
March 31st, 1897	...	24,099	25,563	+	1,463
September 30th, 1897	...	171,049	192,410	+	21,360
March 31st, 1898	...	29,124	24,505	—	4,619
September 30th, 1898	...	92,909	113,909	+	21,000
March 31st, 1899	...	61,671	66,133	+	4,461
September 30th, 1899	...	23,964	23,376	—	587
March 31st, 1900	...	180,756	200,706	+	19,950
September 30th, 1900	...	53,148	53,303	+	155
March 31st, 1901	...	83,924	83,532	—	391
September 30th, 1901	...	103,620	118,162	+	14,541
March 31st, 1902	...	123,156	115,817	—	7,339
September 30th, 1902	...	103,725	94,096	—	9,629
March 31st, 1903	...	591,790	638,534	+	46,744
September 30th, 1903	...	232,524	206,670	—	25,854
March 31st, 1904	...	96,167	90,406	—	5,760
September 30th, 1904	...	98,062	87,388	—	10,674
March 31st, 1905	...	105,084	99,536	—	5,548
September 30th, 1905	...	265,103	237,317	—	27,786
March 31st, 1906	...	336,044	283,926	—	52,117

We give these returns merely for the purpose of showing the volume of work that is controlled by a Committee which transacts its business behind closed doors. Some millions of the ratepayers' money have been spent by the Works Department without the schemes being allowed to undergo the criticism of the Opposition, at all times of the utmost value to the public. It is consequently impossible to take seriously the results as claimed in the third column. When it is remembered that the estimates in the first column are those of a County Council official, and that in the majority of cases the market has not been tested, it becomes impossible to accept the official's estimate of cost as being an estimate which has any actual relation to the proper market price of the moment. This being so, the figures shown in the third column are fallacious. Had the market been tested in each case by open advertisements for tenders, then, and then only, would the third column figures have been entitled to consideration, and to be accepted in the light in which they are put forward by the Progressives.

Turning to the jobbing works done by the Works Department we find that the returns state that the work has been done at a large cost below the schedule value. The jobs are not done on estimates, but on a schedule of prices. The alleged saving is fictitious, because the schedule of prices is much higher than the schedule of prices on which contractors do work for the Government. **Of course, if the prices are extravagant, it is very easy for the Works Department to make a profit. There is no open competition for jobbing work;** and had the jobs been given to contractors on the same schedule of prices as is paid by the Government, the cost to the Council would have been far less than the cost charged by the Works Department.

Taking a broad survey of the accounts, and applying the general and fair tests of comparison between the contractors and the estimates, it is beyond dispute that the third and chief purpose of the Progressive policy has failed. The "financial gain" to the ratepayers has not been made.

Progressive apologists seek to confuse the issue by contending that if the actual cost of a work exceeds the estimate, the difference is not loss. Admittedly, it is not loss to the Department, which is paid in full whatever the cost may be. But the difference is a loss to the ratepayers when it is considered that the contractors would have done the work at the estimated price. In the absence of comparison, it would be impossible to test the Department, and there would be merely dead acquiescence in its extravagance. On this point, Sir Alexander Binnie and other experts agree:—

“That for the purpose of arriving at some rough judgment on the result, it is not an unfair comparison to contrast ‘actual cost’ with ‘estimated expenditure’ over the whole of the works undertaken.”

“Bolstering-up” the Department.

The failure of the Department to produce results for which it was established is the more startling when it is remembered that in several important respects it has an advantage over the contractors. It has first choice of work; it can pick and choose; it has practically unlimited power of borrowing from the general funds of the Council at a low rate of interest, not open to the ordinary private contractor; and it has other business conveniences.

The latest Progressive method of bolstering-up the Department is to give it work without asking for tenders. For instance, on the 19th December, 1903, the Highways Committee recommended that the erection of tramcar sheds at New Cross, at a cost of £80,530, should be entrusted to the Works Department, without tenders being invited. Mr. Goodrich (Moderate) moved, and Mr. E. White (Moderate) seconded, a reference back to the Committee, with instructions to advertise for tenders. This motion was defeated by the Progressives, although it was pointed out that contractors would probably do the work at less cost than the Department. Mr. (now Sir A. M.) Torrance (Progressive), the Chairman of the Works Committee, pleaded that it was the duty of the Council to give the Department whatever work they could.

In connection with housing work, the same bolstering-up of the Department has been resorted to, and the erection of blocks of buildings has been given to the Works Department without tenders being invited.

By this means the check of competition is removed from the Department, and there is absolutely no means of accurately judging whether the Department has been extravagant or not. The Department ought to be placed on exactly the same level as a contractor, and tenders should be invited for all work.

Instances of Failure.

In illustration of the tendency to go beyond the professional estimate, some of the works executed in connection with the three most important spending Committees of the Council should be considered, namely, the Main Drainage, the Housing, and the Asylums.

MAIN DRAINAGE.—This work should be suitable for execution by a Works Department. The estimates are necessarily full, owing to the uncertainty connected with the work, but whereas a contractor would tender at a price to cover average risk, and get his full demand in any case, the Council would be charged only the cost of risks actually incurred in the case of a department.

The Lewisham Sewer, estimated at £54,100, admittedly mismanaged at the beginning, showed an excess of £14,800 when taken over by the new management (which hoped to reduce that figure); but at the end it came out nearly £23,000 on the wrong side.

The work at the Crossness Outfall, again, which, according to the report of the new manager, ought never to have been taken, and was, moreover, mismanaged, like the Lewisham work (though the views of the engineer upon the matter were not, like those of the manager, submitted to the Council), resulted in an excess of £16,280 on an estimate of £34,600

The North Woolwich Drainage scheme, estimated at £47,683, was reported upon in optimistic terms in February, 1898, by the manager, who found that the "period of greatest risk had been successfully passed." The final result, reported in February, 1902, was that the work cost £64,398, or an excess of £16,714 over final estimate.

The Hackney Wick Relief Sewer, undertaken in July, 1898, at an estimated cost of £125,329, cost £136,946, or an excess of £11,617. It is significant that the first (or Abbey Mills) section of a scheme, estimated at about £600,000, was brought up early in 1900. The Department, however, declined to accept it at the engineer's estimate of £97,000, though it was subsequently taken by a contractor at £96,000.

ASYLUMS.—In the early days of its career the Department only executed for the Asylums Committee work estimated at £64,800, resulting in an excess over estimate of 19 per cent. Almost immediately on the re-construction of the Council in 1898, however, that Committee had to consider the erection of the superstructure of Horton Asylum, the cube estimate of which came out at £281,000, priced by quantities at £274,500. The manager at first refused the job, and the Finance Committee, through a Progressive chairman, reported that it thought the work too heavy for a newly constituted department. The Asylums Committee asked for tenders for the work, but the lowest tender was £296,600. The manager then expressed his willingness to adhere to an estimate of £284,400, sent in by him before tenders were invited, and was given the job. It was to meet the opportunity thus presented that about this time the radius within which London rates of wages should be prescribed for all Council's work was extended from ten to twenty miles, though ten miles was the radius recognised by the trade unions. The work was to be completed by the end of September, 1900. Gradually, however, the period was extended for the Horton work, and in June, 1903, the result was reported as follows:—Final estimate, £291,165; actual cost, £329,044, or an excess over estimate of £37,878. So much for the superstructure. The central station at the same asylum was also undertaken by

the Works Department. The final estimate was £14,328; the actual cost was £16,305, or an excess of £1977. The epileptic colony at Horton was finally estimated to cost £68,890. It actually cost £73,909, or an excess of £5019. Altogether, **the result of entrusting the Horton Asylum job to the Works Department was that the final estimates were exceeded by £45,000.**

HOUSING.—In building for the Housing Committee, the importance of adhering to the estimate is very great. Every excess over the estimate means higher rent to the tenants. In many cases the Department has exceeded the estimates.

Take the case of two blocks of buildings—erected under the Housing of the Working Classes schemes—**absolutely identical in size, design and material used, and built at the same time, and under the same conditions as to cost of labour and material—**

Cookham Buildings (erected by a Contractor) cost £14,059.

Hogarth Buildings (erected by the Works Department) cost £15,030.

showing that, instead of saving the contractors' profit of 10 per cent., the Works Department job cost nearly £1000 more, or an excess of over $6\frac{1}{2}$ per cent., than the exactly similar work done by the contractors.* This is only one of many such cases.

Again, contractors have often carried out work much below the estimates upon which the Works Department manager refused to do the work.

For instance, on the Millbank Site, Culham, Marlow, and Shiplake Blocks were erected by the contractor at an actual cost of £3000 under the estimate refused by the Works Department as being insufficient.

The loss on buildings erected by the Works Department under Housing schemes is very considerable.

* For further particulars as to this, cf. Mr. Goodrich, L.C.C., Address on Municipal Trading, of July 18th, 1906.

Increased cost of building means increased rent, which is all the more important when we find that the high rents charged for rooms in the Council's buildings render it impossible for the poorer members of the working classes to become tenants. (As to this, cf. the article on Housing.)

On the other hand, there is a saving on buildings completed by contractors.

It is to be observed that the practice of giving work to the Department without inviting tenders has sometimes enabled the Department to show a saving on a job, when a contractor would have done the work equally well, and, perhaps, cheaper had tenders been invited.

Works Department v. Contractors.

Of late years there have been some remarkable instances of the large savings which are made by the County Council under the Contract system as compared with the Works Department.

On July 26th, 1904, for the construction of Section D of the new southern outfall sewer No. 2, the tender of the Westminster Construction Company was accepted. The chief engineer's estimate of the cost of the work was £470,979. The amount of the tender was £348,416, or **£122,563 below estimate.** (L.C.C. Minutes, 1904, p. 1697.)

For the construction of Section 1 of the proposed northern low level sewer No. 2, the tender of W. Kennedy, Ltd., was accepted. The chief engineer's estimate of the cost of the work was £117,000. The tender was £82,510, or **£34,490 below the estimate.** (L.C.C. Minutes, 1904, p. 1697-9.)

For the erection of Mallory Buildings in St. John Street, Clerkenwell, the estimate comparable with the tenders was £9184. The tender of Messrs. Sharpington, amounting to £8697, was accepted, the amount below estimate being £487. (L.C.C. Minutes, 1904, p. 1695).

On November 1st, 1904, for the construction of a portion of the new southern outfall sewer No. 2, and of a portion of the new high level sewer No. 2, the tender of the Westminster Construction Company, amounting to £81,285 was accepted. The chief engineer's estimate was £91,727. The tender was, therefore, **£10,442 below the estimate.** (L.C.C. Minutes, 1904, p. 2406.)

On November 8th, 1904, the tender of Messrs. D. R. Paterson, amounting to £30,713, was accepted for the construction of a relief sewer in North Kensington. The chief engineer's estimate of the cost of the work was £37,083. The tender was, therefore, **£6370 below the estimate.** (L.C.C. Minutes, 1904, p. 2568.)

These figures naturally provoke the question, "How much public money is wasted by giving jobs to the Works Department without inviting tenders?" At the present time it is not always possible to check the operations of the Works Department, because it seldom tenders in competition with contractors, but accepts jobs at the estimated price.

The case of the Longgrove Asylum affords some answer to the above question. On November 15th, 1904, the Asylums Committee "reported further information as to the estimate for the erection of the superstructure of the Longgrove Asylum. The estimate of the quantity surveyors (based on priced bills) amounts to £389,119."

The accepted tender (that of Messrs. Foster & Dicksee) was £359,892, or **£29,227 under estimate.** "In the event of the Committee having contemplated the execution of the work by the Works Department . . . the estimate that would have been submitted to the Works Committee is that prepared by the quantity surveyors referred to above." That is to say, if the work had been undertaken by the Works Committee at the estimate of £389,119, and completed for slightly less than that sum, the Works Committee would have vociferously claimed a saving of the ratepayers' money. However, **by the**

contract system the work has been undertaken at £29,227 less than the estimate. (L.C.C. Minutes, 1904, p. 2668.)

The history of the Works Department in connection with Asylums and Main Drainage jobs is, on the whole, not a happy one, and the ratepayers may be congratulated upon the fact that the Works Department has not been entrusted with the works above-mentioned.

Some day, perhaps, the Council may see the wisdom of introducing the check of competition by placing the Works Department on exactly the same level as contractors, and by insisting that it shall always tender in competition with private firms.

The Annual Report of the Council for the year ending March 31st, 1906 (pages 276 to 280), states:—

Annual Report of the Works Committee—1905-6.

“The Members of the Committee* at the beginning of March, 1906, previously to the reconstitution of Committees, were as follows:—

Chairman—A. M. Torrance, M.P.

Vice-Chairman—Lewen Sharp.

Idris, T. H. W.

Ward, Henry

Smith, Edward

Waterlow, D. S., M.P.

Welby, Lord

MEETINGS.

“During the year the Committee held thirty-four meetings.

* All these members were Progressives. This Committee is still composed solely of members of that party.

FUNCTIONS OF COMMITTEE.

“The Council on 22nd November, 1892, adopted a scheme which provided (i.) for the appointment of a committee to carry out all works which the Council might resolve to execute without the intervention of a contractor; and (ii.) for the formation of a Works Department, to execute all works upon plans prepared by the engineer or the architect. The Works Department was thereupon formed, and a Works Committee and a manager of works appointed. This system continued until 1897, when, as the result of an inquiry into the management and financial position of the department, the existence of the Works Committee was terminated, and the execution of works ordered to be carried out without the intervention of a contractor devolved upon the manager of works, who was empowered to undertake or refuse the execution of all estimated works offered to him at the amount of the estimate of the supervising officer, and also to execute jobbing works and repairs; he was responsible to the executive committees of the Council in the same way as a contractor would be, while the financial control of the Works Department and the supervision of the purchase of materials, plant, horses, etc., required by the department devolved upon the Finance Committee. In March, 1902, however, the Council resolved to re-appoint a Works Committee of seven members to carry out, unless in any case otherwise ordered, all works which the Council might determine to execute without the intervention of a contractor, and no alteration has since been made in the organisation for the execution of works by direct employment.

“The Works Committee are entrusted with power to enter into any contract and to incur any expenditure (within the limit of the estimate at which each work is accepted) necessary for the carrying out of the works referred to them for execution. The control of all officials on yearly salaries in the Works Department is also vested in the Committee—the employment and control of officials on weekly wages

(with the exception of the staff of the Works accountant, over which, however, the manager exercises general supervision), and of **all foremen, timekeepers and workmen devolving upon the manager.**

“ In addition to the above duties, the Committee submit to the Council recommendations with regard to the minimum rate of wages and maximum hours of labour to be paid and observed in works which are in the nature of construction or manufacture carried out by or for the Council on a site wholly or partially within a radius of twenty miles from Charing Cross.

CENTRAL WORKS AND DEPÔTS.

“The operations of the Works Department are directed from the Central Works, Belvedere Road, Lambeth, S.E., where, in addition to the offices of the professional and clerical staff of the department, are workshops for the various trades, stables, and a commodious wharf with a frontage to the river Thames of $207\frac{1}{2}$ feet for the unloading and storage of timber and materials. The freehold of the site was acquired by the Council, and one of the first works carried out by the department was the erection of the buildings on the site, from designs prepared by the architect. The department also has a depôt, with a river frontage of 157 feet, on the south side of and adjoining Battersea Bridge. At this depôt is the stoneyard and masons' workshop and stabling for five horses. Premises at Essex Street, Hackney, and Norman Road, Greenwich, are rented for use as depôts from which jobbing works north and south of the Thames respectively are executed. A wharf at Fulham is also rented for use in connection with the construction by the department of the section of the northern low-level sewer, No. 2, which lies west of the Counters Creek sewer.

WORK EXECUTED.

“The Committee during the year ended 31st March, 1906, executed work to the amount of £641,295 3s. 5d., made up as follows—

Estimated works, <i>i.e.</i> , works in respect of which complete specifications, bills of quantities, etc., are supplied...	... £568,045 18 8
Jobbing works, <i>i.e.</i> , works which cannot be treated as estimated works and for which no estimate has been prepared	73,249 4 9
Total	... .. £641,295 3 5

“The amount of work executed during the previous year was £662,458 9s. 11d.

“At the completion of each estimated work a final certificate of work executed, based on the prices in the bills of quantities, is issued by the supervising officer concerned, and the value of each jobbing work is certified by the supervising officers **on the basis of schedules of prices agreed upon between such officers and the manager of works.**

“Under the standing orders the Committee are required to submit to the Council, within three months of the specified dates, statements showing the estimated and actual cost of works completed by them up to 30th September and 31st March in each year; such statements, in respect of the half-years ended 30th September, 1905, and 31st March, 1906, show, in the case of estimated works, a balance of cost below the final certificates of value of the supervising officers of £80,376 4s., or over 13 per cent., and in the case of jobbing works a balance of cost below the certified schedule value of £3742 1s. 9d., or over 7 per cent.

“A summary of the two statements appears at the end of this report.

“The whole of the constructional works in connection with the formation of Kingsway and Aldwych, and the tramway subway under those thoroughfares, were entrusted for execution to the Committee. The thoroughfares were open for traffic in October, 1905, but although practically finished, the completion of certain small portions was delayed owing to the demolition of certain dwellings which the Council is not in a position to deal with. The Council approved an arrangement for dealing with these portions, and thus rendered it possible for the Committee to report the figures of cost and value of the whole of the improvement (with the exception of the portions above referred to) as follows—

	Accepted estimates.	Final certificate of work executed.	Cost.
Holborn to Strand improvement—			
Section reported on	£	£ s. d.	£ s. d.
2nd February, 1904			
(p. 85)	20,050	20,190 13 6	18,574 1 2
Sections reported on			
20th February, 1906			
(p. 329)	85,275	91,383 5 5	77,573 3 9
Sections reported on			
17th July, 1906 ...	218,455	217,240 6 4	177,506 6 3
	<hr/>	<hr/>	<hr/>
	323,780	328,814 5 3	273,653 11 2
	<hr/>	<hr/>	<hr/>

“The balance of cost below value is therefore £55,160 14s. 1d. The Committee attribute this result in a great measure to the fact that they were enabled to execute this large work, although it was cut into sections and referred to them at different times, with practically one organisation and control. **The Committee also benefited by the general fall, since the estimates were made, in the price of materials.**

WORK IN COURSE OF EXECUTION.

“At the end of the financial year the undermentioned estimated works were, in addition to jobbing works, in course of execution by the Works Committee:—

Supervising Officer.	Number of Works.	Estimated Expenditure.
		£
Architect	19	396,140
Architect (Education) ...	5	43,692
Engineer	9	989,830
	33	1,429,662

“Six works, the approximate estimates of cost of which amounted to £19,300, and which were referred to the Committee for execution without bills of quantities or a schedule of prices, were also in progress.

“Among the large estimated works in progress may be mentioned the erection of the London Day Training College and Central School of Arts and Crafts (£87,400), a section of the southern outfall sewer enlargement (£291,000), and three sections of the northern outfall sewer enlargement (£392,395). The latter works are nearly completed.

STAFF AND WORKMEN.

“The professional and clerical staff of the Works department employed at the Central Works, and exclusive of those engaged on certain large construction works, number 70, of whom 36 are in the works branch, and 34, including two travelling time inspectors, in the accounts branch. In addition, at the end of the financial year, 18 temporary assistants were

employed, owing to increase of work and to the annual stock-taking. The amount paid in salaries to the staff during the year 1905-6 was £14,193 6s. 11d.

“**The average number of workmen employed**, including all branches of the building and allied trades, **was 3330 a week**, and wages as follows have been paid during the year:—

	£	s.	d.
Total amount paid in wages	276,505	3	8
Average amount paid in wages each week	5,317	8	2
Largest amount paid in wages in any one week	6,968	16	1
Smallest amount paid in wages in any one week	2,456	14	4
Amount paid in wages in first week of year	6,693	15	3
Amount paid in wages in last week of year	5,186	15	2

CAPITAL EXPENDITURE.

“ . . . **The total capital expenditure to 31st March, 1906**, for the purposes of the Works Department, **has amounted to £112,728**. Details of this expenditure will be found at the end of this report.

“The debt charges against the department in respect of the year 1905-6 were as follows:—

Interest	£2,602	13	0
Repayment	2,068	1	1
	<hr/>		
	£4,670	14	1
	<hr/>		

“Debt charges are debited to the general charges account, and ultimately debited to the works executed by means of a

percentage. The total amount repaid to 31st March, 1906, in respect of the above capital expenditure was £21,681 7s. 4d.

WORKING CAPITAL.

“A charge is made to the department annually in respect of interest on working capital, the amount to be charged in each year being arrived at on the basis of the average value of stores in stock at the end of each quarter of the year, with interest charged at the rate at which the Council last raised money by the issue of stock. The amount charged to the department for the year 1905-6 was £2809.

PLANT.

“. . . The value of the plant and machinery at the Central Works, various branch depôts, and on works in progress on 31st March, 1906, was £59,816 16s. 11d., as compared with £64,084 13s. 3d. in the previous year.

“The stock and timber in hand on 31st March, 1906, was valued at £25,541 10s. 2d., as compared with £19,291 11s. 3d. on 31st March, 1905.

RATES OF WAGES AND HOURS OF LABOUR.

“During the year under review the Council's list of rates of wages and hours of labour was amended by the omission of the trade of painters' labourers; by increasing from 8d. to 9d. an hour the wages of French polishers; by altering the scale of pay for overtime worked by timbermen and scaffolders; and by altering the hours of labour of carpenters, joiners, bricklayers, masons, smiths, fitters, gasfitters, plumbers and plumbers' mates, so as to bring the list into accord with the working rule agreements between the several trade unions and the London Master Builders' Association.

The following are details of the cost of works completed during the year 1905-6 :—

(a) ESTIMATED WORKS.

Supervising Officer.	No. of works included in statement.	Accepted estimate.		Final certificate of value.		Actual cost.	
		£	s. d.	£	s. d.	£	s. d.
Half-year ended 30th Sept., 1905.							
Architect ...	9	167,246	2 3	164,081	16 1	151,068	11 11
Architect (Education) ...	1	3,607	0 0	3,477	1 3	4,066	16 2
Engineer ...	3	90,960	8 8	97,545	0 5	82,182	0 4
Half-year ended 31st March, 1906.							
Architect ...	6	61,895	19 5	60,073	10 10	55,608	16 8
Architect (Education) ...	6	22,887	0 0	21,306	13 3	20,213	4 5
Engineer ..	5	261,215	0 0	254,664	7 7	208,104	15 2
*Supplementary Accounts—							
Architect ...	—	878	19 3	878	19 3	656	9 11
Engineer...	—	1,315	14 8	1,315	14 8	1,066	4 9
Total ...	30	610,006	4 3	603,343	3 4	522,966	19 4

Total balance of cost *below* final certificates of value, £80,376 4s.

* As there is no accepted estimate for these supplementary works, such estimate is taken at the amount of the final certificate.

(b) JOBBING WORKS.

	No. of works.	Schedule value.			Actual cost.		
		£	s.	d.	£	s.	d.
Year 1904-1905 (balance)...	743	16,975	14	0	15,474	15	0
Year 1905-1906 (part)—							
General 	3211	35,909	12	7	33,681	6	6
Education 	92	235	6	6	222	9	10
Total 	4046	53,120	13	1	49,377	11	4

Total balance of cost *below* schedule value, £3742 1s. 9d.

(c) WORKS EXECUTED ON THE BASIS OF ACTUAL COST.

Supervising Officer.	No. of works included in statement.	Actual cost.		
		£	s.	d.
Half-year ended 30th Sept., 1905—				
Architect 	1	460	11	6
Half-year ended 31st March, 1906—				
Architect 	2	2246	19	6
Total 	3	2707	11	0

CAPITAL EXPENDITURE.

“The following are details of Capital Expenditure for the purposes of the Department up to 31st March, 1906:—

CENTRAL WORKS—	£	s.	d.
Purchase of premises at Belvedere Road, Lambeth, and expenses in connection therewith, less receipts	39,038	18	6
Erection of new workshops, stables, boiler- house, chimney shaft, new offices, smiths’ shops, and paving entrance and roads at Central works, etc.	48,301	19	11
Enlargement of store buildings, provision of mess-room and conveniences, drying- room, alteration to pipes, and provision of additional protection from fire ...	4,606	14	4
Enclosure of foreshore and expenses in connection therewith	2,044	13	0
New river wall and reservoirs at the Central works	6,905	1	6
New ballast screen, etc.	2,632	17	7
	<hr/>		
	£103,530	4	10
	<hr/>		
BATTERSEA DEPÔT—	£	s.	d.
Purchase of land	6,519	10	2
Enclosure of foreshore	130	5	0
New river wall... ..	980	0	6
Stabling, etc.	1,568	4	11
	<hr/>		
	£9,198	0	7
	<hr/>		
Total	£112,728	5	5
	<hr/>		

(signed) A. M. TORRANCE,
Chairman.”

Criticism of the Report, 1905-6.

In a letter to *The Standard* of July 25th, 1906, Mr. W. G Towler writes:—

"The London County Council agenda this week contains a report of the Works Committee of works completed during the half-year ended March 31st, 1906. The result is that 'the balance of cost' below the final certificate is £52,589. **It is admitted that the Committee have 'benefited by the general fall, since the estimates were made, in the price of materials.'** The sum of £52,589 is represented as a saving to the ratepayers of London. Whether that is so or not depends upon the sum for which contractors would have undertaken the work.

"A survey of the London County Council Minutes during 1904-5 shows that contractors tendered, as a rule, far below the estimates of the London County Council estimating officials. In fact, **on 13 works undertaken by contractors the figures are:—**Estimates, £2,183,906; accepted tenders, £1,841,238; **or a balance below the estimates of £342,667, or 15·69 per cent.** Comparing this with the two last returns of the Works Department, we get this result:—

		Below estimates.		Per cent.
Works Department	...	£80,375	...	13·30
Contractors	... ..	342,667	...	15·69

"It is true that the contract figures are not taken on the basis of final certificate and cost. This information is not obtainable. Nevertheless, **the figures prove that the contractors are doing work for London at a far less cost than is the Works Department.** London will never know what it has had to pay through the London County Council Works Department. There will never be a fair test of the relative merits of contract and Works Committee work until the Works Department is forced to tender in competition with contractors for London County Council work. A table of results thus obtained would be interesting. It is to be observed that the Works Committee is now a secret, close corporation. The Progressive majority refuse to allow representation on the Committee to their opponents on the Council."

The position which Municipal Reformers take up with regard to the Works Department is this:—

Publicity is the first principle of public life. Public money should only be voted for works which have been considered,

criticised, and approved by public representatives. **The Works Department is controlled by a Committee which is exclusively formed of Progressive Members of the Council, and to which the Moderates have been denied access.** It is consequently impossible for Moderates to obtain information as to where the money goes, as to whether value is obtained for it, or as to whether the Department indeed is run on sound business lines. Although publicity is essential in all branches of public life it is more than ever requisite with regard to the L.C.C. Works Department. Only a few years ago there was a grave scandal, involving the dismissal of the Manager and the discrediting of the Department itself. This being so, surely it is more than ever essential that a Department which has a previous conviction registered against it, should be subjected to the closest possible public scrutiny.

As things stand, the Works Department is the operating theatre of officialism. It is the County Council official who prepares the estimates, and County Council workmen carry out the work. Surely in the absence of independent estimates and independent superintendence of the Works, and independent measuring up of the work done, and independent surveying, it is impossible to present any verdict on the undertakings of the Works Department which is not arrived at on evidence given solely by County Council officials, and which is naturally not likely to be adverse to the Progressive majority.

We have long known that officialism is, in a sense, a trades union, with the strongest instincts of self-preservation and self-defence. When have we ever heard of officials giving evidence hostile to fellow officials? The existing state of things can be brought to an end in only one way, and that is by advertising for tenders for all big works that are to be undertaken, by insisting that the Works Department shall tender with public contractors, and by then allowing Works Department and contractors to stand on their own merits. Quite apart from this, there should in addition be some check provided in the shape of independent and non-official survey of the work which is actually carried out by the Works Department.

The Taxation of Ground Values, &c.

NOTE.—The Taxation and Rating of Ground Values, &c., is to a large extent a Parliamentary question, and therefore, for a detailed examination of such proposals, reference should be made to The Campaign Guide, 1906, (published by David Douglas, Edinburgh) — (especially pages 553-585), and in regard to subsequent legislation, &c., to the later numbers of *National Union Gleanings* (published monthly by the National Union, St. Stephen's Chambers, Westminster, S.W.).

A useful pamphlet on this subject is "The Taxation of Land Values: A Delusion and a Danger," by Mr. Harold Cox Liberal M.P. for Preston (published by P. S. King & Son 4, Great Smith Street, Westminster, S.W., price 6d.). Reference should also be made to Mr. Harold Cox's "Land Nationalisation," published by Methuen & Co.

One promise made by the Progressives at every election is "to relieve the occupiers of their unjust burden" by means of the taxation of ground values and similar proposals. Progressives and Municipal Reformers, alike agree that the burden which now falls on the ratepayers is excessive, and that new sources of revenue for local purposes ought to be found. But Progressives at London Municipal elections, invariably attempt to make party capital out of this difficult problem of taxation, although Parliament alone has the power to deal with it.

The Earl of Rosebery, K.G., when a candidate for the representation of the City of London on the London County Council in 1889, was asked to state his views with regard to the taxation of ground rents, and made the following reply:—

“The County Council would have nothing to do with the taxation of ground rents. I shall be prepared to state my opinion on that point in the proper place, which is my seat in Parliament, but **it is not a question for the County Council.**”—(*Times*, January 10th, 1889.)

The Record of Progressive Failures, 1889-1907.

The record of Progressive attempts to produce a definite plan to carry their theory into effect is one of impracticable schemes, of long delays, and of invariable failure.

The following is a short summary of their action:—

On November 3rd, 1892, the Council resolved to ask the Radical Government, then in power, to introduce a Bill imposing a rate upon “ground values.” No plan was suggested, and the Government did not introduce a Bill.* (L.C.C. *Minutes*, 1892, p. 1014.)

In the year 1893 a scheme for taxing all receivers of rent which, according to the Council’s own resolution, was not “the most equitable method,” was, after much controversy amongst the Progressives (cf. L.C.C. *Minutes*, 1892, pp. 1165 and 1185), put forward in the Improvement Rate Bill, 1893. This Bill was introduced as a Private Bill, contrary to the advice of the Council’s legal advisers (L.C.C. *Minutes*, 1892, p. 1014), and on February 9th,

* Not only did the Radical Government, then in existence, not introduce any such measure, but by their Budget Bill of 1894 they very largely increased the taxation upon land without assigning one penny of the large additional sums thus raised to the relief of the rates. The Progressive Council is largely to blame for this, as by its resolution of November 29th, 1892, it pronounced a Municipal Death Duty not to be the most equitable method of relieving the ratepayers, and insisted upon theoretical proposals for taxing “ground values.”

1893, the Speaker of the House of Commons decided that it was wrongly introduced, and must be withdrawn. The rate-payers' money spent in promoting the Bill was thus absolutely wasted.

On January 16th, 1894, the Local Government Committee presented a totally different scheme for taxing ground values, in the form of sixteen recommendations. But not one of the recommendations was adopted by the Council, because the Progressive majority could not agree upon any of them.

Nothing further was attempted for over four years, but on July 12th, 1898, the leader of the Progressive Party obtained, without opposition, a reference to committees "to prepare and submit to the Council a Bill, to be introduced in the forthcoming Session of Parliament," for obtaining a direct contribution from owners of ground values.

But the forthcoming Session (1899) came and departed and no Bill was ever submitted to the Council.*

On August 1st, 1899, the Chairman of the Parliamentary Committee asked for further time to prepare a Bill (having already had a year), which was granted on the condition, proposed by the Moderates, that a Bill should be presented before February, 1900.

No Bill was then presented, and on October 23rd, 1900, the Chairman of the Parliamentary Committee, and Progressive whip, said that the Committee had not had time to prepare the Bill.

* In the course of a debate on improvements, which took place on June 27th, 1899, two remarkable suggestions were thrown out by Progressive Councillors. Sir Arthur Arnold suggested that the best way of bringing about the taxation of ground values was to increase the rates. Mr. John Burns, M.P., said he was asked, "*What about the taxation of ground values?*" Well, they had got to transfer that struggle from an administrative body to the legislative and Imperial body."—(*London Municipal Notes*, June 28th, 1899.)

The Sham Bill of the Progressives (1900).

The Bill was at last on December 18th, 1900, presented. It was entitled the Site Values (London) Rating Bill, 1900, and provided that every Assessment Committee was to appoint a site valuer for its parish or union, who was to prepare a statement showing the site value of each hereditament, and the proportionate amounts in which each such site value was enjoyed by the various persons (if more than one) interested in each hereditament, but **it laid down no rules to guide the valuer in fixing the site values, and did not define the persons on whom the rate was to be levied.** "Site value" was defined as follows:—

(A) In the case of any hereditament which consists of land which is advertised or intended or suitable to be used for building purposes, the annual rent which an owner in fee might reasonably be expected to obtain for the hereditament under a building lease for a term of not less than eighty years, without any fine, premium, consideration or restriction, other than the usual covenants on the part of the lessee to build, to bear the cost of repair and other expenses, if any, necessary for maintenance, and to bear all rates and taxes in respect of such hereditament properly bearable by him, and the tithe commutation rent-charge, if any, payable in respect thereof.

(B) In the case of any other hereditament, such part of the gross annual value for the time being thereof as shall be attributable exclusively to the site thereof, or if the whole of such gross annual value be attributable exclusively to the site thereof the whole of such gross annual value.

Every Borough Council was to obtain from all persons (from the freeholder down to the occupier) interested in any hereditaments within its respective borough particulars as to their respective interests, and any person failing to make such returns was to be liable to penalties. The site value rate was to be 2s. in the £ on each site value shown in the valuation list. This rate was to be collected from the occupier, but he would be entitled to deduct from the next rent he paid an amount equivalent to his payment for such rate. The person receiving such rent was (unless he was the freeholder) to deduct from his next payment of rent any amount deducted in respect of

such rate from the rent he received, and so on. The site value rate was to be divided between the County Council and the Borough Council. The Bill also provided for persons proving "inability through poverty" to pay the site value rate to be excused payment by magistrates.

Criticism of the Progressive Bill of 1900.

This Bill challenged criticism on several grounds:—

(1) The mode of assessment adopted had already been condemned by the Town Holdings Committee of the House of Commons as "impracticable," and, in its application to existing contracts, as "unfair." (*Vide infra.*)

(2) It had also been condemned by some of the most eminent economic authorities on the Progressive side. Thus, at a meeting of the London County Council, on January 16th, 1894, the late Lord Farrer, the distinguished economist, said:—

With regard to the possibility, by means of experts, of valuing site apart from buildings . . . I wish you to remember that you have to operate in this case with very rough instruments, viz., the Assessment Committees. They are not experts, and, so far as I know, they judge of the value of one house by what is given for its neighbour, and so on. But suppose you call in an expert. When you call in an expert he has scientific rules, founded on long experience, which have become absolutely established *formulae*. But what is an expert in this matter of valuation? He is a man accustomed to buying and selling. He knows the operations of buying and selling, and what is the value of a thing in the market. The value of a thing in the market, after all manner of abstruse calculation, is what I can get for it, and what an expert knows is what has been got and what is got for certain property. Now, is it just for persons to separate the land from the buildings, and no experts called in for each to enable them to advise as to the value in the case of every house in London? What amount of value is to be put on the site, and what amount of value upon the land? That is the doubt we had in the first Local Taxation Committee, and I confess that that doubt is not yet removed.—(*The L.C.C. Debates*, published by Wyman & Sons, Vol. II., No. 1, p. 6.)

And at a meeting of the London County Council, on November 3rd, 1891, the late Lord Hobhouse presented a

report of the Local Government Committee, in which the separate assessment of site values was criticised as follows :—

We think that if Assessment Committees are ever to work such a plan, there must first be a professional valuation of reasonable accuracy, and that such a valuation for the 600,000 houses of London would take long and cost much. Assuming that it can be done, there must be much difficulty in it. A building and its site are thought of, seen, used, and dealt with in markets, public or private, as one entire thing. The market is the general criterion of value. Assessment Committees work by their local knowledge. They know what rack-rents and prices are actually got in the market, on leases and sales of houses and sites combined, in their neighbourhood. Their knowledge does not extend to hypothetical commodities, such as a site with a house on it but supposed to be without one. . . . A house without a site is inconceivable, is only old materials, and to have an annual value at all it must have a right of continuing to stand where it is. If a site is without a house, the first thing wanted is to build a house on it, and that is a costly operation, which, whether performed by owner or lessee, absorbs the annual value for many years.—(Report of Local Government and Taxation Committee of London County Council, dated June 26th, 1891, pp. 3, 4.)

(3) The Committee's proposal was not one for taxing the "unearned increment" in the hands of the ground landlords, but for taxing all receivers of rent.

The popular impression is that the ground landlords are the persons to be taxed, whereas the persons who would have been most largely affected by the Bill of 1900 were owners of leasehold ground rents, who have no interest in the land except their rent-charge, and leaseholders generally. **The Local Government Committee of the London County Council reported in 1894** (*L.C.C. Minutes*, 1894, p. 14) that "of the whole rent which is now paid in London for the advantages of sites, only a comparatively small fraction is in the hands of the ultimate owner of the freehold estate."

(4) The Bill left the proportionate amounts to be paid by the persons in receipt of rent to be ascertained by each valuer without any rules for his guidance. This course, which would obviously involve serious discrepancies in assessments followed by a host of appeals, was adopted because the Pro-

gressives were hopelessly divided among themselves with regard to the principle of division among the ownership interests, and were unable, as a party, to produce any definite scheme.*

* The divergence between the two Progressive schools may be shown by the following example given by the valuer of the Council to illustrate the difference between the two schemes prepared by them. Each scheme prescribes rules of deduction which authorise payers of rent to deduct the site value rate (which is collected from the occupier), or some part of it, from rent paid. The rate is taken at one shilling in the £.

No. 6, TICHBORNE STREET (NOW DEMOLISHED).

Rateable Value	...	...	...	...	...	£250
Site Value	...	...	...	...	...	£130
Amount to be levied	...	...	...	...	...	£6 10s.

Interest.	Rent.		Net payment for Site Value Rate under two schemes.			
	Received.	Paid.	Scheme One.	Scheme Two.		
	£ s. d.	£ s. d.	£ s. d.	£ s. d.		
A Occupying Lessee, 7 years from 1866	Nil.	250 0 0	Nil.	Nil.		
B Lessee, 20½ years from 1866	250 0 0	163 0 0	4 7 0	Nil.		
C Lessee, 21 years from 1865	163 0 3	140 0 0	1 3 0	Nil.		
D Building Lessee, 72 years from 1843	140 0 0	17 10 0	0 2 6	5 12 6		
E Freeholder	17 10 0	Nil.	0 17 6	0 17 6		

It will be observed that B in the above example would have to pay £4 : 7s. out of a total levy of £6 : 10s., or about two-thirds of the entire amount, under one scheme, but nothing under the other ; while D (really the principal beneficial owner) would have to pay £5 : 12s. 6d. under one scheme, but only 2s. 6d. under the other ! This essential difference between the advocates of the "Site Value" system points to some inherent defects in the system itself. This may be found in the proposed valuation of the site of a house as if no house existed thereon. It is impossible to devise any general rules by which the capital value of a site so ascertained can be equitably apportioned amongst the actual rents fixed and being paid in respect of the whole property (house and site) as it stands.

All the schemes hitherto produced by the conflicting sections of the Progressives would have yielded absurd results. These results would not have been avoided, though they might for the time have been obscured, by the proposal to leave all difficulties to the valuers.

(5) Most experts are agreed that the ultimate incidence of the rates is upon the owners of property. **The London County Council's own valuer has expressed the opinion, based upon special experience, that "the burden of rates falls entirely upon the owners of property, and for the most part upon the owners of land."** If this view is correct, the Bill would ultimately confer no benefit whatever on the rate-payers, as the burden of local taxation would be borne by the same persons that have to bear it now.

(6) The persons who would suffer most by the application of the Bill to existing contracts would be the vast class of small investors, whose aggregate property in ground rents exceeds that of the great owners. **Evidence was given before the Town Holdings Committee, in April, 1891, that there are hundreds of thousands of the industrial and middle classes who have small savings invested in ground rents through the instrumentality of benefit and insurance societies, besides innumerable private investors and trustees who purchase ground rents as a safe investment, and can ill afford to be victimised by extra taxation.** The former numbers unquestionably have largely increased since that date. These persons cannot prove "inability through poverty" to pay, and they would have lost one-tenth of their incomes, with a proportionate fall in the capital value of their investments, under the Bill.

The Site Values Rating Bill, 1901.

In 1901, the Site Values (London) Rating Bill was introduced in the House of Commons too late to have the slightest chance of making any progress.

Nothing more was done with the Bill.

The Bill abandoned, 1902.

In the following year, at a meeting of the London County Council on March 4th, 1902, the Parliamentary Committee presented a recommendation that steps should be taken for the re-introduction of the Bill, but an amendment was carried to the effect that the Council re-affirms its opinion on the subject of the taxation of ground rents, and instructs the Local Government and Taxation Committee to report to the Council as soon as possible upon the proposals contained in the minority report of the Royal Commission.—(*The Times*, March 6th, 1902.)

1903. Still no Bill: only "An Election Cry."

At a meeting of the London County Council on December 1st, 1903, a Progressive Councillor moved a resolution referring to the resolution carried in March, 1902, and expressing the opinion that the subject "should again be brought before Parliament without further delay." **The mover of the resolution, Dr. Napier (P.), "frankly admitted that this was an election cry"*** (*Daily Chronicle*, Dec. 2nd, 1903), but an amendment proposed by two Moderate Councillors to the effect that, "in view of the ever-increasing charge on the London ratepayers, the Government be invited to take into immediate consideration the proposals contained in the report of the Royal Commission on Local Taxation for the relief of rates and to introduce measures of reform without delay," was rejected, and the resolution was carried.—(*The Times*, December 2nd, 1903.)

Thus the Progressive majority were still unable to produce any practical scheme of their own, but were nevertheless resolved to keep the subject to the front as an "Election Cry," and to oppose the practical proposals made by Moderate Councillors.

* It will be remembered that the L.C.C. Elections were about to take place in March, 1904.

Action of Unionist Governments.

While the Progressives on the London County Council were occupied in propounding general proposals which they have failed to embody in any workable scheme, the Unionist party in Parliament were engaged in promoting impartial inquiries into the problems of local taxation with a view to practical legislation.

The late Lord Salisbury's Government of 1886-92 re-appointed the Select Committee of the House of Commons on Town Holdings, with instructions to inquire, *inter alia*, "into the question of imposing a direct assessment on the owners of ground rents and on the owners of increased values imparted to land by building operations or other improvements."

The Report of this Committee was presented in May, 1892, at the close of an inquiry extending through nearly seven sessions, and after hearing an immense amount of evidence, stated that "no sufficient cause has been shown for interfering with existing contracts relating to the payment of rates, and the methods proposed to the Committee for altering such contracts would be unfair, and would inflict injury without any compensating benefit," but recommended, as regards future contracts, a division of rates between the occupier and the various ownership interests. It also stated that "the proposals made to the Committee for a distinct annual assessment on reversions, according to their present values, and for the separate assessment of ground values and building values, are impracticable"; that "the proposal to rate vacant building land on its capital value is a total departure from the existing basis of local taxation, and would be practically very difficult in operation"; and that "the proposal to rate reversions upon their present values is also open to the same objections."

It has long been felt that no reform of the present system of local taxation will be satisfactory which does not bring under

contribution those forms of property which now escape all local burdens.*

The need of dealing with the problem on these broad lines has been asserted on several occasions by the late Lord Salisbury. Thus at Birmingham, on November 24th, 1891, the late Lord Salisbury said :—

I have always entertained the opinion, and expressed it for many, many years, that our rating system is singularly ineffective, and imperfect, and that we do not draw into the taxation—which is to do work in which the whole community is interested—we do not draw all kinds of property into that taxation. I should be very glad to see that anomaly corrected. I believe that the exclusive operation of the law of rating tends to discourage the building of small houses in towns and on the outskirts of towns, and that, therefore, it is a great evil, and is adding to the difficulties, which we already feel so much, of housing the more necessitous part of our population. The only thing that you have to guard against is that this particular grievance, which is the real one, should not be made the occasion or opportunity for the gratification of some particular class or political antipathy. If the question of all the interests in land being brought under the net of the rate collector is raised, then I quite admit that if you think it necessary to raise that question it will be a very difficult and thorny one, and that there is a great deal of logic on that side. But you must bring in the mortgagee and debenture holder as well as the ground rent owner or else you will not do justice.

* The late Mr. Costelloe, who was at that time the Progressive Chairman of the Local Government Committee of the London County Council, in his evidence before the House of Commons Committee on Town Holdings, on August 1st, 1890, after explaining his scheme of a Municipal Death Duty, said: "If . . . anyone objects that the scheme I have suggested would be putting a considerable tax upon persons who may have invested in incomes, limited or otherwise, to be derived out of land, and that that would place them on a different footing from those who live on the produce of stock, or on dividends, I can only say that I am quite willing to join in levelling the latter up; and I think it is beyond doubt that they now pay far too little."—(*Report, Town Holdings, 1890*, p. 316.) The Progressives, however, have always opposed any reform in this direction. On the other hand, the Moderates, at the County Council, in January, 1894 (*L.C.C. Minutes*, p. 17), supported an amendment expressing the opinion that "the necessary revision of taxation should be in the direction of making personal property as well as real property bear a fair share of local expenditure."

And at Newport, Monmouthshire, on November 29th, 1893, the late Lord Salisbury said :—

There is no doubt that the present rating law, originally made 300 years ago, and strangely altered by judicial decisions since, has had this effect—that it only leaves a very small proportion of the property of the country liable to support the demands that are placed upon the rates. I have no desire myself to disturb any arrangement which is consecrated by long usage, and of which, consequently, the difficulties are well known and can be avoided ; but if you have to deal with the liability to rates, remember this—that the statute of Elizabeth provided that personal as well as real property should be liable to the rates, but that in the course of ages personal property—being about four-fifths of the property of the country—has escaped payment altogether, and has left the whole burden upon its elder brother, real property, which is only one-fifth of the property of the country. If there is any change it must be to that anomaly that your attention must be directed.

Report of the Royal Commission on Local Taxation.

In order that the whole question might be thoroughly investigated, Lord Salisbury's Government appointed a Royal Commission

“ To inquire into the present system under which taxation is raised for local purposes and report whether all kinds of real and personal property contribute equitably to such taxation, and if not, what alterations in the law are desirable in order to secure that result.”

This Commission collected a large mass of evidence, and presented in 1899 an *interim* report recommending a scheme to secure greater uniformity in valuation, and on June 21st, 1901, a final report [C.—638 of 1901] dealing with the whole question and containing an elaborate series of recommendations.

The grievances of ratepayers are thus summarised :—

(1) Complaint is made on behalf of ratepayers in general that there is thrown on the rates too much of the cost of certain national services which the State requires to be undertaken, and the burden of which, it is alleged, ought consequently to be borne on the broader back of the taxpayer.

(2) Complaint is made on behalf of ratepayers in certain districts that the burden of these services is heavier than in other districts.

(3) Complaint is made that local expenditure is met in too large a measure by what is in effect a tax levied in respect of the occupation of rateable property, or, in other words, that sufficient variety has not been given to the means by which the revenue required by Local Authorities is raised.

(4) Complaint is made that those who possess and enjoy property not rateable are placed in too favourable a position as compared with the owners and occupiers of rateable property.

(5) Complaint is made on behalf of special classes of ratepayers (*e.g.*, those interested in agriculture and in certain industries and trades) that, inasmuch as they require for their business an amount of rateable property very large in proportion to their general ability, an undue share of local burdens is imposed upon them, as compared with persons who neither own nor occupy any rateable property except their own residence. It is felt especially strongly that the increase of an onerous rate falls with great inequality.

(6) Complaint is made by urban ratepayers and ratepayers other than agricultural in agricultural districts that, relief having been given under the Agricultural Rates Act to agricultural ratepayers, no corresponding relief has been given to urban ratepayers, or to ratepayers other than agricultural in agricultural districts.

(7) Complaint is made on behalf of urban ratepayers that all the rates are paid by occupiers and none by the owners of land (at least directly), although the owners of land benefit largely by the development of towns and by expenditure from the rates on improvements.

Some of these complaints are pronounced to be contradictory and some shadowy, but, on the whole, it is agreed that relief ought to be given, following the principle that the distinction should be maintained in local expenditure between national or onerous services, on the one hand, and local or beneficial services, on the other. Poor relief, police and criminal prosecutions, education, and the maintenance of main roads are held to belong predominantly to the former class, though, in practice, the two classes shade off into one another. But to furnish a remedy measured by the "ability" of the contributory class is difficult. Some suggested methods—such as a local income tax and a local house duty—are put aside as impracticable. The general conclusion is:—

Summing up the various considerations to which we have adverted in this chapter, we conclude that, in general, the funds for national services ought to be raised in accordance with the principle of ability. This principle might be secured to a great extent by transferring them

wholly to the central Government; but such a solution of the problem is out of the question on practical grounds. On the other hand, no mere readjustment of burden within each locality would meet the demands of equity. We are therefore driven to the conclusion that the grievances which we have set forth cannot be remedied without either a direct contribution from the Exchequer or the extension and development of the system of assigned revenues which has been in existence since 1889.

These alternative policies—the first being that advocated by Sir E. Hamilton and Sir G. Murray, while the latter is that to which the majority of the Commissioners adhere—form the centre of the discussion. From this point of view the development of Lord Goschen's policy is analysed in the Majority Report. It is contended that, after all the modifications introduced, personalty is still inadequately charged for local purposes as compared with realty. While personal property subject to Imperial taxation is about three times as great as real property so chargeable, the non-rateable property contributes to local objects—if elementary education be excluded—only a little over 6 per cent. of the whole expenditure, while nearly 83 per cent. falls on the rates. To remedy this inequality in some measure it is suggested that there should be an increased payment from the Death Duties on personalty for local purposes; that the transfer of trading licences and of establishment licenses should be made complete and power given to increase their amount; and that the local assignment of the beer and spirit surtaxes should be maintained. With regard to new imposts, the transfer of the land tax in aid of the local revenues is rejected, as the charge has become complicated and unequal through the working of redemption. The assignment of a fixed portion of the income tax is said to be “deserving of favourable consideration.” The transfer of the existing Inhabited House Duty from the Imperial to the local account is recommended. After reviewing the objections, the Report says:—

It is clear that, speaking generally, the localities on which this tax falls most heavily are the most highly rated urban districts, and we think it wrong to assume that the tax would be distributed “in proportion to the value of the inhabited houses of the better class.”

In many districts, especially in rural districts, the houses which escape the tax are of a better class than houses on which the burden of the tax is very severely felt in other districts, and, if we are right in our conclusion that the tax is one which it is unjust to levy for Imperial purposes on a limited class of persons somewhat arbitrarily selected, we see no injustice in handing it over to the relief of the rates of the districts in which these persons live. Moreover, the Inhabited House Duty is a graduated tax, paid at higher rates in the case of houses exceeding certain values; it is levied at lower rates on farmhouses, publichouses, shops, warehouses, and lodging-houses, and houses not of the annual value of £20 are exempt from it altogether. It therefore affords an excellent means of adjusting the disproportionate pressure upon the smaller occupiers, which, as we have above observed, is one of the unsatisfactory features of the existing system. We do not propose, however, that the local authorities should have power to alter the amount or the incidence of the tax.

While it is contended that the State should contribute more largely in aid of local burdens under the "assigned revenues" plan, it is acknowledged that central control must be exercised, and that assistance must be "made dependent on compliance with conditions designed to secure efficiency and to prevent extravagance." Modifications to secure this object more certainly are suggested. But the main feature in the section devoted to the relief of rates is the enumeration of the increased "grants"—to use this term with some laxity—that are required and the supplementary grants that are claimed. To the former belong the existing Poor Law grants, the pauper lunatics' maintenance grant, and the police grant; to the latter a pauper lunatic accommodation grant, grants for Poor Law children and for sick and infirm in workhouses, for residual Poor Law outlay, and for maintaining main roads. It was proposed also that the whole cost of criminal prosecutions and the conveyance and maintenance of prisoners should be borne by the State. The issue of more explicit directions as to the expenditure on technical education and the simplification of the local taxation accounts complete this part of the scheme.

The financial result works out thus:—The "assigned revenues" in 1899-1900 from local taxation, licences, death duties and beer and spirits (excluding the relief under the Agricultural Rates Act) yielded £7,145,018. The local taxation budget, as modified by the recommendations of the Report,

would yield £9,715,000, of which nearly one-half is made up of Poor Law grants, more than two millions for police, &c., a million for main roads, and an equal sum as free surplus for expenditure by the councils. The State would thus have to furnish additional revenues to the extent of £2,570,000 a year, to be provided in some of the ways suggested.

As to exemptions from rating, the Report maintained that they are "inadvisable" and should on no account be extended, but does not recommend their abolition where granted by Act of Parliament and made the basis of existing arrangements. The objections to the system of compounding for rates are admitted,* but it is not held practicable to abolish the system in the case of small tenancies with weekly rents. The recommendations as to the rating of special properties—machinery, railways, gasworks, mines, &c.—go largely into technical details. With regard to the rating of machinery, the conclusion is:—

Having regard to all the history and circumstances of the case, we are of opinion that the adoption of the proposals contained in the Bill introduced into the House of Commons in 1899, as to the class of machinery which should be taken into account in estimating the rateable value of premises containing machinery, would be a fair solution of this difficult problem. These proposals exclude the classes of machinery which, in our opinion, it is desirable should be exempted. The law as to what machinery should be included in the assessment of premises containing it would also be more precise: greater uniformity in practice among Assessment Committees would be secured, and the probability of litigation lessened.

We therefore recommend that in estimating the rateable value of any hereditament occupied for trade, business, or manufacturing purposes, there shall be excluded from the assessment any increased value arising from machines, tools or appliances which are not fixed or are only so fixed that they can be removed from their place without necessitating the removal of any part of the hereditament. But the value of any machinery, machine or plant used in or on the hereditament for producing or transmitting first motive power, or for heating or lighting the hereditament, should be included.

* As to this subject cf. the Debate in the House of Lords, on May 8th, 1906, reported in *London Municipal Notes* for June, 1906, page 565 *et seq.*

Majority Report of the Royal Commission on the Rating of Land Values.

In Chapter IX. of their final report, the Commissioners deal with proposals for the rating of land values. **They find that, inasmuch as the value of the land is included in the valuation of the rateable hereditament as a whole, ground rents and feu duties are already taxed,** a conclusion which appears to them to be equally applicable to all the other varying contractual interests in the land upon which it is proposed that some new and special burden should be placed. **They also find that the real, as opposed to the apparent, incidence of local taxation in towns falls partly upon the owner of the land, partly upon the house owner, and partly upon the occupier,** and that it is impracticable to lay down any general rule as to the proportions in which the burden is distributed, or to determine it in individual cases. And they see no reason to believe that there are any special benefits to the landowners from expenditure incurred by local authorities which the landowners are not practically called upon to bear whenever new rents are fixed.

Turning to the various schemes placed before them for the separate valuation of lands and buildings, the Majority Commissioners think that, although it cannot be said that it would be impossible to assign separate values to site and structure, especially where a comparison could be made with neighbouring property of a similar character which had been recently let, such a system would certainly be attended with considerable uncertainty, complication, and expense. They point out that the valuation of every site, upon the basis of the rent which might be obtained for it if it were cleared, would be highly speculative where no means of comparison was ready at hand, and even where such means existed many varying factors, such as rights of light, and the existence of easements, and other restrictive covenants, would have to be allowed for, and the circumstances of the surrounding property closely investigated. As the term

for which a lease was granted approached its termination, further difficulties would arise, especially where the capacity of the site might not be fully utilised by the buildings then tanding.

When all these questions had been considered, the results would be so hypothetical in character that a large number of appeals and attendant expense would be inevitable. Any further departure from the basis of fact, and the consequent extension of the element of hypothesis in the valuation of property, is obviously to be avoided if practicable, and **they are unable to concur in the view expressed by the various supporters of the scheme, that the ends which they respectively have in view would justify the introduction of an admittedly difficult and intricate system which would certainly result in further inequalities of valuation as between one ratepayer and another. They "cannot concur in the suggestion that it would be equitable to select land as a particular class of property and place on it a burden in addition to that which it bears in common with all other rateable properties."**

Such a proposal does not appear to them to be justified upon either of the two grounds which have hitherto formed the basis of our system of local taxation, since—

Neither in respect of their ability to pay, nor of the benefits which they receive, does it appear to us that the owners of land values, using the term in its widest sense, contribute inequitably to local expenditure at the present time, as compared with the owners of other classes of rateable property.

It would be difficult, in their opinion, to maintain any effective distinction between sites which have increased and sites which have diminished in value; but, even if it were possible, land is not the only class of rateable property the value of which may be enhanced by circumstances beyond the influence or control of its owners, and they see no reason why, by reason of such enhancement of value, it should be placed in a new and separate category so far as rating is concerned.

In any case, however, it is obvious that, if a special burden is to be imposed on land, on the ground of any increase of its value, the object could not be equitably met by the imposition of a new rate on site value, from year to year. The extent of such increase varies not only as between district and district, but as between different parts of the same district, and in some cases there is either no increase at all or a diminution of value. The imposition of a new rate of any given amount upon the annual value of all property in land would, therefore, bring into existence new inequalities of liability, unless measures were taken to differentiate not only between district and district, but between property and property—"an obligation which, in our opinion, could not be satisfied by any possible modification of the existing rating machinery." A further difficulty arises in considering the manner in which existing contracts should be dealt with. The Commissioners

See no justification for allowing existing contracts to be broken for the benefit of occupiers who have not shown that, as between themselves and the owners, those contracts are unjust. **Trustees and others have purchased ground rents on the faith of contracts that the occupiers should pay all rates on the properties which secure the ground rents, and all such persons would be injuriously affected by the proposed schemes, for the benefit of the occupiers who, through their representatives, incur and control the expenditure which falls on the rates. Other advocates of the special tax proposed have, however, expressed their desire to leave such contracts undisturbed in any manner whatever, the result being that large numbers of owners who have accepted fixed rents for fixed periods, extending to 99 and 999 years, or even in perpetuity, on condition that their lessees shall bear all rates and taxes, would be entirely unaffected by the proposal. The new tax would, in such cases, fall to be borne by the lessees, who are not only already rated to the full extent of the enhanced value of the property, but whose interest in it is often gradually diminishing in value, both by reason of the effluxion of time and the growth of waste and dilapidations. The case of a purchaser of a 99 years' lease of a house, subject to a ground rent, may be cited as a case in point. Large numbers of such leases have been purchased in recent years through the instrumentality of building societies and other provident organizations. The value of the hereditament to the lessee increases but slowly, his capital outlay should be replaced, and the lessor's claim for dilapidations will ultimately fall to be met. It would be difficult in such cases to reconcile the lessee to the justice of imposing upon him a new and special tax,**

from which the lessor would be exempted by reason of the existence of a contract having still a long term to run, and a particular form of thrift which Parliament has in the past done much to protect and promote would be seriously prejudiced.

In concluding their observations on this subject, the Majority Commissioners remark that—

The advocates of what would be in effect a new land tax, to be applied in aid of local expenditure, have failed to convince us that it would be equitable to select a particular class of rateable property for the imposition of a new and special burden. No new tax on land appears to us to be required to meet any special expenditure incurred by local authorities for its benefit, nor does land differ so essentially from other property, as regards the alteration of its value from time to time, as to justify it being rated exceptionally. In any case it would, we believe, be impracticable to ascertain what that alteration may be—a problem which must of necessity be solved if the tax is to be of equal incidence; whilst the practical difficulties of ascertaining even the annual value of what is one element only in the value of the rateable hereditament, and of paying due regard to the existence of contracts having either a perpetual existence or a long term of run, **constitute, in our judgment, additional reasons against any alteration of our rating system in the direction proposed.**

This chapter¹ of the Report is signed by Earl Cawdor, Sir John T. Hibbert, Mr. Stuart-Wortley, K.C., M.P., Mr. C. N. Dalton, C.B., Mr. C. A. Cripps, K.C., M.P., Mr. Harcourt E. Clare, Mr. T. H. Elliott, C.B., Mr. E. Orford Smith, and Mr. John L. Wharton, M.P. Two

Minority Reports of the Royal Commission

also dealt with the subject. One, signed by Lord Balfour of Burleigh (the Chairman of the Commission), Lord Blair Balfour (Lord Justice General of Scotland), Sir Edward Hamilton, Sir George Murray, and (with reservations) Professor James Stuart, confirms some of the most important findings of the majority. The minority say that “the making of a contract for a lease or tenancy is, on the whole, a transaction carried out in a deliberate manner, on business principles,” that “intending

tenants do take the rates into account," that "the scheme of division of rates must be rejected as a whole," and that **neither the scheme of the London County Council for the separate rating of site values** nor the rival scheme proposed by Mr. (now Lord Justice) Fletcher Moulton **"is workable or equitable."**

Their "main objection to both these schemes, and to others like them, is that they impose a burden upon the rents which tenants have covenanted to pay free of all rates, and which have in many cases been purchased by investors in the open market on that understanding. . . . Legislation enabling occupiers to violate the contracts which they have deliberately made, and to escape the obligations which they have solemnly undertaken, would be, in our opinion, indefensible. We could admit no compromise on this matter of principle."

They suggest, however, that a valuation of sites should be made, and that special site value rates should be levied alongside of the existing rates. They regard the question of the party on whom the rate is to be charged as one of sentiment and temporary convenience, but they are "disposed to recommend that under future contracts the site value rate should be charged partly on owners and partly on occupiers," and that "the rate should be collected in the first place from the person at present liable to pay rates, and no deduction should be permitted from rents fixed under existing contracts; but the share of the rate chargeable on owners should be deducted from all rents hereafter fixed, and all agreements to the contrary should be declared of no effect."

They admit that the effect would be, to a limited extent, to increase the burden upon occupiers, and suggest that the new charge should be counterbalanced by further relief to be granted in the shape of increased subventions. They further propose that "the purposes for which the site value rate might be raised should in the first place be defined by

Statute," that these purposes "should be strictly limited to expenditure tending to increase directly the value of urban land," and that "the rate in the £ of the new impost should be strictly limited by Parliament."

The other minority report is signed only by **Judge O'Connor, K.C.**, who takes the view that all local rates should be borne by "the land interests of the locality," but **agrees that "equity requires that all existing contracts should be absolutely respected."**

The later History in regard to the Taxation of Land Values, &c.

The Land Values Bill, 1904.

In October, 1902, the London County Council accepted an invitation of the Corporation of Glasgow to take part in a conference of municipal representatives with reference to the rating of land values, and appointed Mr. Sidney Webb, L.C.C., to be its representative. The conference secured several members of Parliament to ballot for a place for Bills approved by the conference, and Mr. C. P. Trevelyan, M.P. (R.), introduced the Land Values (Assessment and Rating) Bill, which passed its second reading in the House of Commons on 11th March, 1904.

The Bill, however, made no further progress, and was subsequently dropped.

L.C.C. Debate on the Rating of Site Values, 1904.

On November 22nd, 1904, the London County Council were asked by the Local Government Committee to reaffirm "its opinion in favour of direct rating of site values, and that it be referred to the Parliamentary Committee to approach the members of Parliament representing London constituencies with a view to their balloting for a place next Session for a Bill on the subject of the rating of site values."

Mr. H. Percy Harris (the then Leader of the Moderate Party), during the debate on this recommendation in the Council,

pointed out that the past history of the matter showed that the Council was not clear on the subject, and had no definite proposals to recommend. When they were asked to deal with legislation, they must have some definite proposals before them; but they were asked to reaffirm an indefinite opinion previously passed, and no details of any Bill were put forward. Looking at the past record of Progressive failures to bring up a Bill, it was a perfect farce to be continually asking the Council to pass mere expressions of opinion.

He moved as an amendment "That the recommendation be referred back to the Committee with instructions to report upon the proposals contained in the Minority Report of the Royal Commission on Taxation of Site Values, and also to consider the general provisions of the Bill they desire members of Parliament to ballot for."

This eminently reasonable proposal was, however, defeated by 85 Progressive votes to 30.

Sir Melvill Beachcroft (M.) then moved an amendment to leave out all words after "site values." Mr. E. White (M.) seconded, and stated that they must have a scheme which was honest, just and practical, and such a scheme had never yet been placed before the Council.

Dr. Napier (P.) thought it would be foolish in the then state of affairs for the Council to promote legislation. They only wanted to act in co-operation with other municipalities, and they had no right to put forward their own scheme and insist on that only.

The amendment was defeated, and the recommendation of the Committee was thereupon carried.

The Land Values Bill, 1905.

As the result of further efforts of the Municipal conference held in October, 1902, Sir John Brunner, M.P. (R.), introduced early in 1905 a Bill, the provisions of which were similar to those of the Bill of 1904. This Bill passed its second reading

on 14th April, 1905, by a majority of 90 votes, but no further progress was made with it, and it was subsequently dropped.

Meetings of the conference were held during the year 1905, at which it was resolved to send to rating authorities for adoption a petition to the House of Commons, asking that a Government Bill on the subject of the rating of site values might be introduced.

L.G.C. Debate on the Rating of Site Values, 1906.

On February 20th, 1906, the Local Government Committee presented a Report on the Rating of Site Values, and recommended: "That a petition be presented to the House of Commons praying that a Bill may be introduced by His Majesty's Government to provide for the separate assessment and rating of site values; that the Parliamentary Committee do prepare such petition; and that the seal of the Council be affixed to the petition when ready."

On the recommendation, Mr. H. Percy Harris (the then Leader of the Moderate Party) moved an amendment "that the recommendation be referred back to the Committee with a view to their considering the desirability of approaching His Majesty's Government and inviting them to make provision for the immediate relief of the rates in respect of national services either by a direct contribution from the Exchequer or by an extension or development of the system of assigned revenues."

He said he desired to congratulate the Committee upon being the first to propose work for the new Government which it was understood was to create a new earth, if not a new heaven. The Council and the ratepayers would expect great things, having regard to the promises so lavishly made at the General Election. As the time of even the most benevolent Parliament was limited, it seemed to him that the recommendation of the

Committee was ill-chosen and inopportune. The recommendation proposed that the Government should be asked to introduce a Site Values Bill. The programme of the Government, as announced in the King's Speech, did not contain a Site Values Bill. While they might be certain that some of the measures mentioned would not pass into law, it was quite certain that a measure ignored by the King's Speech would not be placed upon the Statute Book.

The most urgent and desirable reform in the interests of the ratepayers was some relief from the burden of the rates—some relief for all the ratepayers. The burden would not be relieved by an Equalisation of Rates Bill, which would not take a penny off the rates, but would redistribute the burden more or less equitably. **Nor would a Site Value Rating Bill reduce the rates.** The burden, however, would be relieved if the Government carried out the recommendations of the Royal Commission on Local Taxation. That Commission was unanimous in reporting that too much of the cost of national services was thrown upon the rates at the present time, and they agreed that the proper remedy for the ratepayers' grievance was by "either a direct contribution from the Exchequer or the extension and development of the system of assigned revenues." Now that was a reform which could be carried out by the Government in their Budget during the present Session. That was the reform which should have the first place in any claim put forward by that Council for the assistance of the Government.

So much misconception had grown up around the subject of the Taxation of Site Values, that he felt bound to point out that the attraction of such taxation had to a large extent disappeared in consequence of the Report of the Royal Commission. The first attraction was that there was a large source of revenue untaxed, but that idea had been exploded by the Report of the Royal Commission, and, together with other fallacies, only lingered on in Progressive leaflets and other doubtful and ignorant quarters.

In support of his arguments, he desired to quote not from the report of the majority of the Royal Commission, but from the report of the minority of the Commissioners who were in favour of taxing site values. First, on the question of contracts, the Minority Report stated that "legislation enabling occupiers to violate the contracts which they have deliberately made and to escape the obligations which they have solemnly taken would be, in our opinion, indefensible."

That was a proposition frequently placed before the Council, but it had now been abandoned. It was not in the Bills mentioned in the Report before the Council. One of the main advantages which the Minority Report of the Commission urged in favour of the taxing of site values, was "that it would conduce to the removal of some widely-spread misconceptions which seem to prevail, not only in political circles, but among economic authorities and responsible statesmen; for, while it would be an admission that there were defects in the urban rating system and an attempt to remedy those defects, it would show that there is no large undeveloped source of taxation available for local purposes, and still less for national purposes."

Therefore, the two great attractions of site values disappeared with the Report of the Royal Commission, and the question of site values' taxation had now become, not a question of tapping a new source of revenue, but a question of establishing a new basis of valuation in the hope that there might be a re-distribution of the burden. It had ceased to be a question of party politics, and should be discussed upon its merits.

The Progressive Party in the past had fattened on those two delusions to which he had referred, and the Moderate Party had been blamed for opposing site value schemes put forward by the Council in the past, and they had no doubt lost votes in consequence, but their course had been justified.

The Report stated :—

“We feel bound for the reasons which we have explained to condemn unhesitatingly all the schemes which have been put before us in connection with the Rating of Site Values ; and that we have shown—following in this respect the finding of the Town Holdings Committee—that the agitation on the subject has to a great extent proceeded on a mistaken basis. Starting from a popular misconception of the effect of our existing system of local taxation, the movement has ended in a deadlock due to the rivalry between several abortive schemes, which are alike unworkable and are mutually destructive.”

That merely confirmed what the Moderate Party had been saying to the Council for some years. He would repeat that the question of the Taxation of Site Values looked at from the point of view of supplying fresh taxation, was a question which might fairly receive impartial consideration, and might be thrashed out in Parliament. He would like to see the Government introduce a Bill for the Taxation of Site Values because he believed that was the best way of dispelling those delusions which the Progressive members of the Council had done their best to circulate. **They must look elsewhere for relief of the ratepayers than by Site Values Taxation, and the Council ought to ask the Government to carry out the recommendations of the Royal Commission, and give increased subventions from the State.**

The Royal Commission found :—

“That too much of the cost of certain national services is thrown upon the ratepayers, and that this grievance ought to be remedied by either a direct contribution from the Exchequer or the extension and development of the system of assigned revenues.”

They did not, however, agree as to which of these methods should be chosen. The Council was not called upon to express any opinion upon this question. Professor James Stuart in his Memorandum said that while he did not in general accept the arguments or share the views as to the propriety of making grants from specific sources of taxation, he would rather see the system of grants continued in legislation than see no reform carried out.

That was his (the speaker's) own view too, and he would suggest that they should ask the Government to carry out the

relief of the ratepayers by increased subventions. To give effect to that policy he moved his amendment.

He did not want the Council to abandon any general views they had expressed upon the question of Site Values, but **he wished to enforce the point that the first reform they ought to put before the Government was that they should increase the subventions to local authorities from the State.** That was a reform which ought to meet with the support of all the London Members of Parliament; it was a reform backed with the unanimous Report of the Royal Commission: it was a reform which would relieve the ratepayers, and it was a reform which the Government could easily carry out during the present Session.

Mr. R. A. Robinson (the present Leader of the Moderate Party) seconded the amendment, and said that he wanted relief for the ratepayers, and the best way of securing that relief was by taking the steps suggested in the amendment. It was a speedier way than that suggested by the recommendation. It was quite clear that they would not have a Taxation of Sites Values Bill passed this year; therefore let them get what relief they could in the meantime. They had a remedy at hand which would relieve the rates to a large extent, and it was an easy and just proposal.

Mr. Dolman (P.) said that he could quite understand that the Moderate Party were afraid that, as Parliament was at present constituted, there was some prospect of the Taxation of Site Values. The Council was asked to send back its proposal to tax site values in order that the scheme suggested in the amendment might be considered. Why didn't the late Government carry out the recommendations of its own Royal Commission with regard to further subventions from the State? The proposal brought forward for the Taxation of Site Values was the result of a concerted movement on the part of the municipal authorities throughout the Kingdom.

Mr. T. McKinnon Wood (P.) said that it seemed a strange thing that the amendment should be put before the Council,

not as a positive motion, but really with the object of getting rid of the proposal to tax site values. He thought the present Government might be relied upon to do what the late Government had failed to do, and to deal with the Report of the Royal Commission in a broad and statesmanlike view. The amendment was a merely dilatory motion to delay the taxation of ground values.

After further discussion, a division was taken, and there voted:—

For the amendment, 25.

Anstruther, H. T.	...	...	(M)	Harris, H. P.	...	...	...	(M)
Barnes, E.	...	...	,,	Hunt, W.	...	...	...	,,
Beachcroft, Sir Melvill	...	...	,,	Lancaster, W. J.	...	...	...	,,
Bliss, Sir Henry W.	...	...	,,	Leigh, Lord	...	...	...	,,
Buxton, A. F.	...	...	,,	Robinson, R. A.	...	...	...	,,
Collins, E.	...	...	,,	Rotton, Lieut.-Col.	...	...	...	,,
Colville, Lieut.-Col. C. F.	...	...	,,	Sankey, Stuart...	...	...	...	,,
Gaskell, T. P.	...	...	,,	Swinton, Capt. G. S. C.	...	...	...	,,
Goldsmith, F.	...	...	,,	Taylor, John T.	...	...	...	,,
Goodrich, A. O.	...	...	,,	Thompson, W. W.	...	...	...	,,
Greenwood, H. J.	...	...	,,	White, E.	...	...	...	,,
Hanhart, N.	...	...	,,	Williams, Jabez	...	...	...	,,
Harben, H. A.	...	...	,,			

Against the amendment, 53.

Baker, J. A.	...	...	...	(P)	Hunter, T.	...	...	...	(P)
Bayley, E.	...	...	...	,,	Jephson, H.	...	...	...	,,
Beaton, Dr. R. M.	...	...	...	,,	Johnson, W. C.	...	...	...	,,
Browne, E.	...	...	...	,,	Lampard, G.	...	...	...	,,
Bruce, W. W.	...	...	...	,,	Leon, A. L.	...	...	...	,,
Chambers, F.	...	...	...	,,	Lewis, J.	...	...	...	,,
Cooper, B.	...	...	...	,,	Lidgett, Rev. J. Scott	...	...	...	,,
Davies, W.	...	...	...	,,	Monkswell, Lord	...	...	...	,,
Dew, G.	...	...	...	,,	Mowatt, Sir Francis	...	...	...	,,
Dolman, F.	...	...	...	,,	Mullins, W. E.	...	...	...	,,
Gautrey, T.	...	...	...	,,	Parkinson, W. C.	...	...	...	,,
Gilbert, J. D.	...	...	...	,,	Phillimore, R. C.	...	...	...	,,
Glanville, H. J.	...	...	...	,,	Pomeroy, Ambrose	...	...	...	,,
Gordon, H. H.	...	...	...	,,	Pope, W.	...	...	...	,,
Gosling, H.	...	...	...	,,	Russell, Arthur B.	...	...	...	,,
Harvey, T. E.	...	...	...	,,	Sanders, W. S.	...	...	...	,,
Hemphill, Capt. The Hon.	...	...	...	,,	Sharp, L.	...	...	...	,,
Hubbard, N. W.	...	...	...	,,	Shepherd, A. J.	...	...	...	,,

Shrubsall, G. (P)	Ward, H. (P)
Smith, Alfred „	Webb, Sidney „
Smith, Edward „	Welby, Lord „
Smith, J. „	West, Right Hon. Sir Algernon
Stanley, Hon. Arthur „	E. „
Taylor, H. R. „	Wiles, T.... .. „
Thomas, A. A. „	Williams, Howell J. „
Verney, F. W. „	Wood, T. McKinnon „
Wallas, G. „	Yates, W. B. „

Deputation to the Government, February, 1906.

On February 26th, 1906, a deputation* representing the Municipal conference waited on the Chancellor of the Exchequer, the President of the Local Government Board, the Secretary for Scotland, and the Chief Secretary for Ireland, to urge that legislation should be introduced by the Government. The Chancellor of the Exchequer, in replying to the deputation, stated that the Government were in sympathy with the objects of the movement, but desired to have time to consider what was the best way of giving effect to the principles advocated, and, in particular, to view the matter in relation to its bearings upon the general question of local taxation and local expenditure. The President of the Local Government Board expressed the opinion that the system of local taxation required to be amended and readjusted and that valuation must first be dealt with.

The Land Values Taxation, &c. (Scotland) Bill, 1906.

This Bill was introduced by Mr. Sutherland, M.P. (R.), on February 22nd, 1906.

The Bill passed its second reading in the House of Commons on March 23rd, 1906.

The Bill was subsequently referred to a Select Committee, which reported in regard to it on December 20th, 1906.

* The proceedings of this deputation are set out on page 209.

The main object of the Bill was to levy a new and additional rate on the owners of land in burghs. The Committee's recommendations are that the Bill be not further proceeded with, that a measure be introduced making provision for a valuation being made of land in the burghs and counties of Scotland apart from the buildings and improvements upon it, and that no assessment be determined upon until the amount of that valuation is known and considered.

The Special Report drawn up by the Chairman of the Select Committee puts the case for a separate valuation of land values in a perfectly general form. It does this after condemning unequivocally the Bill actually under consideration. The main object of this Bill was to levy a new and additional rate on the owners of land in Scottish burghs. At present the standard by which each ratepayer is made to contribute is the yearly value of the land and all buildings upon the land which he owns or occupies, the yearly value being or being intended to represent the rent at which the land with the buildings upon it might in its actual state be reasonably expected to let. The present basis of valuation is the composite subject: land plus buildings. The Bill before the Committee, while retaining this valuation and the rating based on it, proposed to have made also a separate valuation of the capital value of each piece of land apart from its buildings; to reach thence an annual value for the land by taking four per cent. on the capital value; and on this annual value to allow the rating authority to levy a rate of not more than two shillings in the pound. The proposals of the Bill were in fact not in substitution of the present system—which would continue as before—but in addition to it. **To the Committee they appeared indefensible in duplicating rates, arbitrary in regard to the two shilling limit, and at no point supported by specific evidence.**

The Morning Post, in a leading article on December 21st, 1906, dealing with the Report of the Special Committee appointed to inquire into the Land Values Taxation (Scotland) Bill, 1906, says, "The truth is that the Committee themselves wanted separate valuation and rating of land values not in addition to

but in substitution for the present system of rating upon the composite subject of land and buildings together. On this point it is impossible not to agree with the Committee as against the promoters of the Bill. Separate rating of land values is to be defended, if at all, simply as a device for redistributing the burden of the rates as between those who now pay them ; it is to be defended only in so far as it replaces the existing system. At present ratepayers contribute in proportion to the total value of their premises—land and buildings together ; under the new plan they would contribute in proportion to the values of the sites occupied by them irrespective of the character of the buildings upon the sites. The result of the change would be that towards the same total raised by the rating authority, owners or occupiers of land with expensive buildings on it would contribute relatively less, and owners or occupiers of land with dilapidated or cheap buildings on it would contribute relatively more than they do now. Assume, for instance, two properties each now assessed at £400 a year ; one a poor building valued by itself at £100 a year on a central site valued by itself at £300, and the other an expensive building valued by itself at £300 on an outlying site valued by itself at £100. At present the occupier of each property pays the same rates. Under the new plan the occupier of the central site would pay three times as much as the occupier of the outlying site. It is clear that the nature of this change is quite unaffected by any consideration of the total amount raised for public expenditure. The essence of the change is that whereas now a man who replaces a bad building by a good building on his land has his assessment increased and so has to pay additional rates as a tax on his enterprise, in a system of rating based upon land values alone he would not have to do so. He would only have to pay more if either the actual amount of rates were raised or if the value of the site occupied by him were increased—as it might be increased by public or private action quite independently of himself. A rate levied upon the value of buildings is a tax upon building enterprise : it is a direct discouragement to an industry which in these days of an urgent housing problem is one of the industries most in need of encouragement. A rate levied upon

unimproved land values is not only free from the charge of discouraging industry, but may directly assist in a solution of the housing problem by hastening the development of building estates on the outskirts of great cities. That is the cogent argument of the Select Committee or the Committee's Chairman. It has nothing to do with tapping a fresh and inexhaustible source of wealth for municipal extravagances. **It has nothing to do with shifting the burden as between owner and occupier.** It is simply a plea for raising the necessary money for public expenditure in such a way as to cause least discouragement to private enterprise in building. If the change were carried out at once without any alteration of the total amount required by the rating authority, some ratepayers would contribute less and others more than they do at present. Nay more, the Committee clearly recognise forms of beneficial enterprise in regard to land other than building. Much industry may be devoted to improving the land itself--as by reclaiming it or draining it. For such additional value resulting from the beneficial investment of capital the Committee recommend full allowance to be made.

"The principle, however, is not all. Indeed, in so mundane a matter as rates, questions of practice are everything or nearly everything. The principle of changing the basis of valuation for rates from land plus buildings to land alone may be stated so as to be unexceptionable. Can the practical difficulties be overcome? Will the labour and possible temporary injustices involved in overcoming them leave an adequate positive gain behind? Three points at least deserve the most serious consideration. First, is it practicable to make a reasonably correct valuation of land without regard to the buildings on it? Urban land, and it is about urban land that the issue is commonly raised, generally has buildings upon it. Might not valuation of it, on the hypothesis that it was without buildings, become a purely imaginative process? To this point the Committee's Special Report pays special attention. On the whole the evidence accumulates in favour of the practicability of a separate valuation of land. It must be remembered that much valuation even to-day is very hypothetical. Land and

buildings which never have been and never are let have to be valued regularly at what they might be expected to let for. Second, granted that a changed basis of valuation would be desirable if the country could start with a clear sheet, **can the change be carried out now, in view of the endless complexity of existing tenancies and contracts, without more injustice than it is worth?** This is really the crucial point. It cannot be said that any satisfactory answer has yet been given. Every proposal, whether it violates or whether it respects existing contracts, bristles with difficulties. In the third place, though rating on a basis of land values has not in itself anything to do with increased municipal expenditure, what would be its effect upon the sense of responsibility of the individual ratepayer as voter? At present he has little enough sense of responsibility. It is not clear that any change in the basis of rating would really affect him. But conceivably it might do so; and, at any rate, its possible effects in this direction must be carefully estimated."

Deputation to the Government, December, 1906.

On December 18th, 1906, another deputation,* composed of Radical and Labour Members of Parliament, waited on the Prime Minister, on which occasion the Prime Minister expressed the "confident hope that a measure for the separate valuation of land values would find a place in the Government programme for next Session."

L.C.C. Annual Report, 1905-6.

The Local Government, Records and Museums Committee, in their report contained in the Annual Report of the proceedings

* A report in regard to this deputation is set out on page 213.

of the Council for the year ended 31st March, 1906 (pages 176-7), state (*inter alia*):—

“RATING OF SITE VALUES.

“The question of levying a rate on site values has engaged the attention of the Council since 1889. On 7th December, 1897, the Council resolved that it was advisable that a new source of revenue should be obtained by means of some direct charge upon owners of site values, and subsequently submitted evidence in support of the proposal to the Royal Commission on Local Taxation, the final report of which contained a report made by five of the Commissioners,* in which the opinion was expressed that a moderate rate proportioned to site value ought to be imposed as part of any scheme for the re-adjustment of the burden of local taxation in urban districts. The Council has also passed several resolutions in favour of the policy of rating site values, and in 1901 promoted a bill on the subject.”

Progressive Allegations Considered.

It is self-evident that the Progressives, when put on their defence at the coming L.C.C. elections, will be unable to deny the serious increase in the rate burden of London.

Accordingly, they will be compelled to put forward some scheme which, *according to their allegation*, will reduce the burden so far as the working and middle classes are concerned, and which will, instead, place it on the shoulders of those in every way capable of supporting it.

In other words, we shall once again be treated to a babble of loose Progressive talk in regard to the taxing and rating of ground rents, &c.

Progressives, more especially in London, have, in fact, trotted out a wealth of “terminological inexactitudes” on this subject at practically every municipal election during the past 10 years, or more.

Let us come to facts. In the first place, the whole subject has been inquired into by a representative Royal Commission which reported in June, 1901, and to which detailed reference has already been made in this Article. The conclusions of the

* This refers to one of the two Minority Reports.

Majority Report of this Royal Commission as to the rating of land values were to the following effect :—

. . . The advocates of what would be in effect a new land tax, to be applied in aid of local expenditure, have failed to convince us that it would be equitable to select a particular class of rateable property for the imposition of a new and special burden.

In other words, the Majority Commissioners wholly disapproved of the proposal.

The Minority Report of this same Commission is, in some respects, more important to deal with ; for it is this Report which land taxers and raters, who have never read it, constantly claim as an unanswerable authority in support of their own proposals.

The signatories of the Minority Report were five in number, and, in a separate report on urban rating and site values, they stated (*inter alia*) :—

(1) That **misconception and exaggeration are specially prevalent on this subject** ; and (3) That **the value of the site as well as of the structure is at present assessed to rates**.

Further, they put forward as arguments in favour of the proposal which they made, that :—

(3) It should go some way towards putting an end to agitation for unjust and confiscatory measures ; and that (7) It would, or at least it should, conduce to the removal of some of the widely-spread misconceptions which seem to prevail, not only in political circles, but among economic authorities and responsible statesmen ; for, while it would be an admission that there were defects in the urban rating system and an attempt to remedy those defects, it would show that **there is no large undeveloped source of taxation available for local purposes, and still less for national purposes**.

“No large undeveloped source of taxation available for local purposes, and still less for national purposes !”

Once this point is grasped by the electors, namely, that this much vaunted scheme is not going to reduce the pecuniary burdens of the rest of the community, its popularity will simultaneously vanish.

Further, it would be well for the Progressives to put forward a practical scheme for the rating of site values before prating

further on this subject. The Minority Report of the Royal Commission, referring to the schemes in existence at that time, stated :—

We feel bound, for the reasons which we have explained, to condemn unhesitatingly all the schemes which have been put before us in connection with the rating of site values.

The Progressives have time and again told the public that the taxing and rating of land values, &c., would provide a practically *unlimited* source of new revenue, and consequently would enable them to remedy, if not eradicate, social evils of every sort, kind, and description.

The struggling ratepayer has been told that the burden will be shifted on to other shoulders ; whilst the poorest of the electors have been led to believe that this would provide the means of effecting a social revolution with regard to the housing of the working classes, and other matters of vital importance to them.

The Minority Report of this very Commission disproves every one of these fictions.

Misrepresentations in regard to “the monopoly of land,” and the doctrine of “unearned increment,” and other statements rendered popular by Mr. Henry George some 25 years ago, have won for these suggestions a wholly undeserved degree of popularity.

Far from being a proposal which will only affect the very rich, the taxing of land values, etc., will, in fact, affect large numbers of small property owners, and still larger numbers of the thrifty poor.

“In England and Wales alone,” there are to be found “well over one million separate land owners,” according to the statement of Mr. Harold Cox, M.P., in the House of Commons on March 23rd, 1906, which passed unchallenged.

The funds of many Trade Unions are invested in land, whilst the same is the case—to a very large extent—in regard to Industrial and Provident Societies, as well as charities, churches, and chapels of all Denominations, hospitals, and other such like institutions.

Insurance companies, also, in England are possessors of enormous investments in land. For example, the Prudential Insurance Company, with which the poor are very largely insured and which has a branch in practically every village throughout England, has four millions invested in ground rents, six millions on mortgage, together with other land investments—making a total of 13 million pounds in land, out of total assets of 51 millions—(*i.e.*, over 25 per cent. of its total assets, or more than 5s. in the pound).

Careful consideration will show that cheap capital is much more important in the interests of the industrial working classes than is cheap land. For purposes of industrial development, of the two, cheap capital is infinitely the more important. It is invariably when money is cheap that manufacturers go in for extensions, which, of necessity, result in a competition for labour—the effect of which is to increase the wages of the working classes, as well as simultaneously to decrease the number of unemployed.

How long will capital be cheap in this country, if delusive and confiscatory principles in regard to land generally continue to be advocated on every Progressive platform? **What Progressives in the vast majority of cases are advocating in London is not a moderate and equitable reform in our present system of Taxation, but nationalisation of land and undiluted Socialism.** Across all their proposals should rightly be written the name of Henry George.*

On October 13th, 1906, we find Mr. Dickinson, M.P., for many years and still one of the most leading Progressives on the London County Council, presiding at the meeting of the Land Nationalisation Society, held in London, and saying, according to *The Daily Chronicle* of October 15th, 1906:—

“ . . . he would remind the conference that the object of the Land Nationalisation Society was to abolish absolutely private ownership of land.”

* For further evidence as to this cf. the article on “Municipal Trading,” especially pages 16 and 17. The following evidence sufficiently proves that the object in the mind’s eye of Municipal supporters of the taxation of Land Values, &c., throughout Great Britain, is really confiscation, pure and undiluted.

In a letter to *The Standard* of March 17th, 1905, Mr. P. B. Ficklin writes :—

“To show the lengths to which the agitators for the Scotch Act would go, I may cite the evidence of Baillie Ferguson, taken before the Royal Commission on Local Taxation in 1898. (He was **the representative of the Glasgow Corporation, and moved the principal resolution** which was adopted at the October meeting of municipal authorities.)

Question.—“If the voters in Glasgow desired it, would you think it right to take the whole?”

Answer.—“Yes, except that Imperial taxes would have to be considered. **I hold that nothing short of twenty shillings in the pound will be a complete settlement of the question.**”

Then follows the evidence of Baillie Peter Burt, a prominent town councillor and member of the Committee on Land Values.

Question.—“To whom are you going to restore the land?”

Answer.—“To the people.”

Question.—“But this proposal will not restore it to them, will it?”

Answer.—“**What people want land for in the sense of ownership is not the land but the rents**, and if we restore the rents to the people, we think we do all that is necessary to satisfy them.”

Question.—“**What is to be the next step?**”

Answer.—“**Increase the tax upon the value of the ground?**”

Question.—“**Until you take it all?**”

Answer.—“**Until you take 20s. in the pound?**”

The result of such propaganda must be to encourage the investment of British capital in other countries, and to discourage the investment of foreign capital in England, which latter has hitherto for a century, and upwards, sought investment in this country in preference to that of any other.

Further, if the doctrine of the unearned increment in land be true, that of the unearned decrement rests unquestionably on the same foundations, and the fact has to be borne in mind that agricultural land in England—and, in fact, throughout the United Kingdom—has decreased in value of late years by many millions of pounds. After all, the State consists merely of a collection of individuals, and, as such, has no right to take upon itself to play “heads I win, and tails you lose” with any of those who collectively go to form it.

There is, in fact, in principle, no difference between ownership in land and ownership in anything else. Such is the

contention not only of anti-Socialists, but of Socialists as well. For example, Mr. George Bernard Shaw, the well-known Socialist, in speaking at a conference on the land question, organised by the Land Nationalisation Society, in Essex Hall, London, on October 13th, 1906, said:—

“If they taxed landlords who did some work for their money, and left untaxed those who, as Bismarck said, did nothing for a living except cut off coupons now and again, they would create an enormous sense of injustice. The important point was whether an income was earned or not; if it was unearned let it be taxed, no matter from what source it came. . . .”

—*The Daily Chronicle*, October 15th, 1906.

It is *all* forms of private ownership which Socialists seek ultimately to destroy.

As the late Sir William Harcourt, M.P., once remarked: “A man's right to his land depends upon the same principle as your right to the coat on your back.”

The most extreme report signed by a member of the Royal Commission on Local Taxation, already referred to, stated:—

It is manifest that equity requires that all existing contracts should be absolutely respected.

If contracts are to be respected (and their infringement would be the most extreme action ever yet undertaken by the Legislature in this country), any new rate would clearly have to be paid by the persons who have contracted to pay *all* rates, namely, the existing ratepayers.

What then becomes of those highly-coloured oratorical pictures of shifting the rate burden on to the great noblemen in possession of colossal fortunes derived from ground rents? Will not, in fact, the already over-burdened and struggling ratepayer, in the vast majority of cases, find himself with an increased burden imposed upon his already over-weighted shoulders?

At the Parliamentary General Election held in January, 1906, some 40 Progressive London County Councillors and ex-Councillors stood as Radical candidates for Parliament, and

29 of these secured election to the House of Commons.* One and all of these stood as strict followers in their fiscal policy of the late Mr. Cobden, according to their lights.

It would be interesting to hear the laboured explanations of some of these gentlemen as to why a small tax on wheat must inevitably send up the price of bread, and a heavy tax on land do otherwise than send up the cost of land, and so, as a result increase the amount which the ordinary tenant has to pay for house rent.

Unless the ultimate incidence of this new form of rate be different to that of the existing forms, the statements of the

* The following is a List of the 29 Progressive Members of the L.C.C. who have seats in the House of Commons:—

NAME OF COUNCILLOR.				PARLIAMENTARY CONSTITUENCY.
A. A. Allen	...	...	...	Christchurch.
J. A. Baker	...	...	...	E. Finsbury.
Sir J. W. Benn	...	...	...	Devonport.
C. W. Bowerman	...	...	...	Deptford.
J. Branch	...	...	...	Middlesex, Enfield.
Rt. Hon. J. Burns	...	...	...	Battersea.
C. G. Clarke	...	...	...	Camberwell, Peckham.
J. W. Cleland	...	...	...	Glasgow, Bridgeton.
S. Collins	...	...	...	Lambeth, Kennington.
Sir W. J. Collins	...	...	...	W. St. Pancras.
Sir E. A. Cornwall	...	...	...	N.E. Bethnal Green.
W. Crooks	...	...	...	Woolwich.
T. Davies	...	...	...	Fulham.
W. H. Dickinson	...	...	...	N. St. Pancras.
G. A. Hardy	...	...	...	N.W. Suffolk.
E. J. Horniman	...	...	...	Chelsea.
T. H. W. Idris	...	...	...	Flint District.
R. S. Jackson	...	...	...	Greenwich.
T. B. Napier	...	...	...	N.E. Kent.
G. H. Radford	...	...	...	E. Islington.
J. E. Sears	...	...	...	Cheltenham.
W. C. Steadman	...	...	...	Central Finsbury.
B. S. Straus	...	...	...	Tower Hamlets, Mile End.
J. Stuart	...	...	...	Sunderland.
Sir A. M. Torrance	...	...	...	Central Glasgow.
F. W. Verney	...	...	...	N. Bucks.
D. S. Waterlow	...	...	...	N. Islington.
T. Wiles	...	...	...	S. Islington.
T. McKinnon Wood	...	...	...	Glasgow, St. Rollox.

Progressive Party in regard to the rating of site values practically one and all go by the board.

Mr. Harold Cox, M.P., one of the ablest members of the present Liberal Party, and late Secretary of the Cobden Club, in a paper read before the Political and Economic Circle of the National Liberal Club on February 27th, 1905, states:—

If, then, an increase in the cost of building tends to diminish the price that a landowner can command for building sites, it follows that rates placed upon the house will tend in the same direction. In other words, a rate upon houses equally with a rate upon sites is paid ultimately out of the pockets of the owner of the soil. This is practically the view taken by the Royal Commission, and it is also the view of Mr. Gomme and Mr. Harper, who may be regarded on this matter as the brain of the London County Council. **As Mr. Harper * concisely puts it: "Were all real property relieved of the charge for rates, it can hardly be doubted that the result would be an increase in rents to a corresponding amount, subject to some slight allowance for economic friction."**

If this theory of the ultimate incidence of rates be accepted, it follows that the creation of a special tax on site values would make no difference as between owner and occupier, for the owner of the soil ultimately pays not only any tax on the site, but also any tax on the fabric. In fact, **both the minority of the Royal Commission and the expert advisers of the L.C.C. abandon absolutely the idea that a separate assessment of sites will lead to any re-adjustment of burdens as between occupier and owner. . . . One of the humours of the present situation is that the London County Council, while advocating the taxation of land values in order to force land into the market, is simultaneously promoting a Bill in Parliament to prevent any building at all on numerous spaces that still happily remain uncovered."**

On December 4th, 1896, Mr. Edgar Harper, Statistical Officer to the L.C.C., gave evidence before the Select Committee on the Taxation of Land Values (Scotland) Bill. Mr. Harper said **to levy upon the rateable value of land and building was an unnecessarily severe burden, hampering building enterprise.** He contended that land value was the proper basis of assessment. **The cheapening of land by taxing it while offering some relief to enterprise would not be nearly so effective as the removal of the existing burdens on**

* Mr. Harper is the Statistical Officer to the London County Council.

buildings. Increasing rental value had the tendency to concentrate upon the centre of life and business in a town, and he showed that during the last twenty years the rateable value of the City of London had increased from £3,777,078 to £5,360,197, or 42 per cent., which practically represented all increased rental. During the same period the whole rateable value of London had increased from £30,716,719 to £43,483,437, of which £7,522,302 was due to new buildings, and therefore the increase of value pure and simple was only £5,247,416. The remedy, he thought, was local redistribution of the burden to correct the present inequalities between the centre and the suburbs.—*The Morning Post*, December 5th, 1906.

If relief to the ratepayers is necessary—and even Mr. Burns* admits that fact—then it should be given in the way suggested by Mr. Percy Harris at the London County Council, on February 20th, 1906 (cf. pages 175 to 179)—*i.e.*, in the shape of increased Exchequer grants to the cost of local services which are of a national character. The Royal Commission on Local Taxation recommended this remedy for the ratepayers' grievances. It is an easy remedy, and could be applied in the forthcoming Budget. The views of the Municipal Reform Party in regard to this subject are fully summed up in Mr. Harris' able speech, above referred to, of February 20th, 1906.

Another, and certainly an effective method of relief is to reduce the rates by economical administration.

Along these two paths the salvation of the householder mainly lies. If he cannot follow the one, owing to an unsympathetic Government, let him follow the other by using his vote at the coming L.C.C. election to secure the return of Municipal Reform candidates.

* "Recent events have shown that the ratepayer is hardening somewhat against any further increase of rates and taxes."—Mr. John Burns, President of the Local Government Board, November 6th, 1906.

Arguments against the Taxation of Land Values, &c.

Speaking in the House of Commons on March 23rd, 1906, on the Land Values Taxation (Scotland) Bill, the Hon. T. H. A. E. Cochrane, M.P. (Liberal Unionist Member for N. Ayrshire), said:—

“He did not approach with a natural predilection any speech delivered by an Hon. Member holding views in entire opposition to the views he himself held, but he had listened with interest to the Hon. Member’s clear and unanswerable arguments in regard to the disastrous effect the Bill would have in making houses and land far dearer instead of cheaper. The Hon. Member had also described the Bill as a perverted form of Protection. **It certainly did seem strange that supporters of the Government should say that to put a tax on ground rents would cheapen house rent, whereas if they put a tax on wheat it would raise the price of bread. It seemed to him that if they put a tax upon ground rents the ultimate result would be to increase house rent. That had been the effect in every country that had tried it.**”

(Extracted from the Authorised Debates, Col. 786.)

Friendly Societies’ Opposition.

An illuminating article, written from the Friendly Societies’ point of view, on the taxation of ground values, appeared in *Unity*, a monthly newspaper which concerns itself with the interests of the Foresters’, Oddfellows’, and kindred societies, for September, 1906.

Progressive members of the London County Council and their friends in the House of Commons will probably be charmed to observe how much their continual advocacy of this form of taxation is appreciated by a journal devoted to the welfare of organisations in which the savings of the more thrifty of the working men are so largely invested.

“We want our readers,” says *Unity*, “to look at the question from a non-political standpoint. Here is a Friendly Society that

considers that 4 per cent. is a fair rate of interest, and in order to secure that rate it purchases secure ground rents at 25 years' purchase. That is to say, the ground rents being £50 per annum, the Society pays £1,250 for them. The conditions are that the tenants (or lessees) shall pay all rates and all taxes whatsoever, with the single exception of the income tax; and under no circumstances can the landlord be made to pay any more taxation except by special Act of Parliament. Furthermore, the landlord can never under any circumstances make the tenant (or lessee) pay more during the running of the lease than the stipulated sum. No matter whether the ground has gone up in value from £50 to £500 per annum, the landlord cannot get a penny more—the contract is sacred and binding on one side and on the other. Then comes the question—**If the Society has invested its money to pay a return of 4 per cent., would it be right, just and proper to compel—by a special Act of Parliament—the Society to allow further abatements from the ground rent, when the very terms of the contract specifically state that nothing shall be deducted except the income tax ?** ”

“Our Radical friends,” *Unity* continues “sometimes forget that there is no unearned increment on ground rents during the life of the lease—it is only as the lease expires that there can possibly be any unearned increment. If a lease is granted for 99 years at £50 per annum, then the ground landlord can never get more than that during those 99 years, no matter how the property as leasehold may increase in value. And while this is so, yet on the other hand the tenant (or leaseholder) may make considerable profits. The neighbourhood may grow and the letting value of the edifices increase from, say, £250 to £2,500 per annum, and yet, while the tenants may sell their holding and make enormous profits, the ground landlord can never get more than his original £50 per annum while the lease lasts. And for the local or Imperial authorities to come along and say that because the letting value of the property has increased from £250 to £2,500, therefore the ground landlord shall pay part of the rates or increased taxes, while he is simply getting his £50 a year, appears unjust and un-English.”

“It is all very well,” adds the *Friendly Societies' Journal*, “for people to rave against the great landowners and talk lightly about taxing unearned increment, but what does it mean? Does it mean that the Friendly Society that has invested in freehold ground rents is to be further taxed? And that the Forester's widow who has invested her all in freehold ground rents, and, in consequence of the thrift and self-denial of her late husband and herself, is now able to live just with bare comforts; does it mean that she is to be further taxed? If so, then the sacredness of contract will be at an end and law and order will become mere by-words and delusions.”

Mr. Whittaker, M.P., exposes the fallacies held regarding the Taxation of Land Values.

Speaking in the House of Commons on March 23rd, 1906, on the Land Values Taxation (Scotland) Bill, Mr. T. P. Whittaker, Liberal M.P. for the Spen Valley Division of West Yorkshire, said:—

“ He intervened in this debate because, in all probability, he had more to do with, and knew more about, land values than any other Member of the House. He warned Hon. Members that, while no doubt some of the principles of this Bill were sound, it was not going to accomplish all or anything like all that was claimed for it. One would think, from the speeches which had been made, that this Bill was going a long way to solve the housing question, to increase wages, to reduce rates, to help the widow and orphan, and generally to bring about the millennium. All he could tell them was that it was going to do nothing of the kind. As the result of several years' experience he had discovered that people had an idea that, when a lease ran out, and the property fell back into the hands of the ground landlord, a great injustice had been done to the person who was the lessee. In fact one Hon. Member had said the landlords stole the property. In London, he would point out, in the first place, there was every opportunity of buying freehold land He could take Hon. Members to estates with 100 houses let at £50 rental each per annum with a ground rent of £10 each. The head rent on the whole of the estate was probably not more than £5, which secured the reversion of the estate at the end of ninety-nine years. All the contribution that would be got out of that would be 10 per cent. of £5. In the case of the leasehold ground rent of £10 on each house, precisely the same rate would have to be paid as in the case of the man who had the reversion. The middle man, the leaseholder, would have to pay on any increased value of the land, and would get no advantage whatever. The promoters of this Bill would not

get by it the advantages they thought in many directions. They could not dodge the laws of political economy. If they put on these taxes as provided for in the Bill, then, of course, for the future everybody who invested in or created ground rents would invest in them or create them with a full knowledge of what was before them, and would arrange accordingly. If it were true that the rates and taxes always came out of the landlord the position would be practically the same. If, on the other hand, it was true that the tenant paid the rates and taxes, then they could be sure that when the landlord was making his bargain with the tenant they would come out of the tenant just the same If they diminished the price to be got for the ground rent, as they would by rating it, they would thereby increase the price that would have to be paid for the house. It would be inequitable, however, to disturb the whole of the existing contracts. As for the future, those who had to deal with the matter would know how to take care of themselves. He took a great amount of interest in this question, but he had not a penny of interest in ground rents himself, except that he had to pay a ground rent on his own house to one of the large landowners of London, but he wished to warn his hon. friends against entertaining the idea that they were about to start the millennium by the passing of this Bill.”—Extracted from the Authorised Debates, Col. 778.

The Cost of Valuation.

In the House of Commons on April 14th, 1905, Mr. J. Grant Lawson, M.P., the then Secretary to the Local Government Board, in speaking against the Land Values (Assessment and Rating) Bill, 1905, said :—

“ These valuations would cost a great deal of money. For separating site from structure in London alone the cheapest estimate was £400,000 ; the estimates of other surveyors varied between two and four millions ; but the net result for the whole country was that the

valuation separating site from structure would cost £18,000,000.”—*The Times*, April 15th, 1905.

The Hardship on the Small Freeholder.

In a letter to *The Westminster Gazette*, of April 17th, 1905, Mr. Harold Cox writes :—

“ I contend that this Bill ” (*i.e.*, the Land Values (Assessment and Rating) Bill, 1905) “ is based upon false principles ; that many of its details are grotesque ; and that if passed it would inflict gross injustice on thousands of hard-working men and women. Your correspondent alleges that I am unable to perceive the logical conclusions of my own Free Trade arguments. I am fully prepared to argue that point at length, but it will save your space if I more briefly retort that he does not perceive the logical consequences of the recognition of private property in land. At present land can be freely bought and sold—*i.e.*, freely exchanged for other forms of property. The man who owns land to-day may own consols to-morrow. Two workmen are living side by side in similar houses. Each has saved £100. One buys consols, the other buys the freehold ground-rent attached to his house. When your correspondent has demonstrated that it is just to impose a special tax on the one man in order to lighten the taxes falling on the other, I will admit the superiority of his logic.”

Mr. Harold Cox, M.P., on the Taxation of Land Values.

In an address entitled “ The Taxation of Land Values—A Delusion and a Danger,” delivered before the National Liberal Club—Political and Economic Circle, on February 27th, 1905, Mr. Harold Cox, the present Liberal M.P. for Preston, dealt at length with the question of the Taxation of Land Values. In the course of his address, Mr. Harold Cox said :—

“ We believe that about this question there is a great deal of misconception, giving rise to unfounded and exaggerated

statements." The above words are taken from the Minority Report of the Royal Commission on Local Taxation—a report which land taxers, who have never read it, constantly claim as an unanswerable authority in support of their proposals. The signatories of the report were Lord Balfour of Burleigh, Lord Blair-Balfour, Sir Edward Hamilton, Sir George Murray and Mr. James Stuart. These five Commissioners frankly favour the principle of a special tax on site values, but, as will presently be seen, they emphatically condemn every one of the definite proposals that has yet been put forward. Indeed, the final reason which they assign for a special tax on land values is that **the imposition of such a tax "would conduce to the removal of some widely spread misconceptions," and "would show that there is no large, undeveloped source of taxation available for local purposes, and still less for national purposes."**

"Contrast this measured statement with the loose rhetoric poured out on a hundred platforms. The public has been told to look to the taxation of land values as a magnificent source of new revenue, and as a means of solving almost every social problem. In particular we are told that it will lighten the burdens of the struggling ratepayer, and provide the overcrowded slum-dweller with a comfortable home in the suburbs. All of which I hold to be a profound delusion, and therefore politically dangerous to any party that encourages it. If the agitation continues on the present lines, the Liberals will come into office pledged to carry reform around which great expectations have been allowed to centre, and the moment they get to work on the details of the subject they will discover that there is nothing in it. **The bubble will burst, and those who have helped to inflate it will inevitably suffer in reputation and in power."**

Upon the point of "unearned increment," Mr. Harold Cox expresses the following view :—

"The truth is that, in a progressive community, we all of us, in varying degrees, obtain some unearned increment—namely, some improvement in our position without extra exertion of our own, but solely in consequence of the development of the com-

munity. It is, therefore, unjust to pick out one particular set of persons—namely, landowners—and say that they alone shall be mulcted of the good fortune that chance or their own intelligent foresight has brought them.

“If we were to do so, we should in equity be compelled to compensate landowners when their property fell in value. For the present value of land, or any permanent investment, depends on the general anticipation of its future value. There is always some risk of loss and some hope of gain, and the price that the land will fetch depends upon the public estimate of the relative weight of these two chances. **If the State removes altogether the hope of gain, while leaving the risk of loss, it is, in effect, confiscating part of the present value.**”

“There are, I know, some people who appear to imagine that land always rises in value, so that there is always a certainty of gain and never a risk of loss. If any such person should chance to read this paper, I beg that he will put his principles to the test. Let him sell or pawn his share certificates, and with the proceeds buy up some of the land that is daily offered for sale on the London mart.”

Dealing with the question of alleged monopoly in land, Mr. Cox says :—

“The next argument for the special taxation of land depends on the loose statement that land is a monopoly. That statement would only be true if the owners of land in this country formed a ring or trust to keep up prices. This is obviously not the case. **There are more than a million freeholders in England and Wales alone**, and they compete with one another for customers quite as much as the owners of other commodities. Indeed, it may safely be said that **land is one of the last things in which a trust is likely to be formed.** Trusts are formed from time to time in this and other countries to keep up the prices of many of the most important commodities that man requires, from steel rails to safety matches, but a general trust to control the land of Great Britain never has

existed and probably never could exist. There are many very serious faults in our system of land tenure, but do not let us obscure our vision of these real evils by placing in front of our eyes a fancy picture of evils that do not exist. . . .”

EXISTING CONTRACTS.

“Before going any further, let us deal with this question of existing contracts. The point was fully considered by the Royal Commission, and although the Commission printed three separate reports on the general question of taxing land values, the signatories of all three reports agreed that existing contracts must be respected. I will only quote from Judge O'Connor's report. **Judge O'Connor was the one member of the Commission who took what may be called an out-and-out Henry Georgite view of land taxation**, and for that reason signed a report of his own, which none of his colleagues would accept. Yet he is as emphatic as they are on the question of existing contracts. He says:—

‘It is manifest that equity requires that all existing contracts should be absolutely respected. It may be that many of them will have to run, not for years only, but for lives, and longer. No matter, for though there would appear to be, according to the view taken in this report, much that is inequitable in the present arrangements, and much that calls for change in the interests of the public, yet a disregard of contractual relations would be a more serious injury to the public than even the existing system of rating.’

“In that opinion I believe that every man will concur who gives a moment's careful thought to the matter. If commercial contracts made by adult persons in full possession of their faculties can be cancelled at the will of a Parliamentary majority, no man's business would be safe. The security which is essential to the progress of an industrial community would be destroyed, enterprise would be checked on every hand, and the very first to suffer and the last to recover would be the poorest members of the community. It may be added that even if Parliament, in a

fit of predatory madness, were to ignore these general considerations, the practical difficulties in the way of disregarding contracts would prove insuperable. To illustrate these difficulties it is sufficient to mention that a man is free at present to realise the value of his land in many ways. He can sell it and pocket the price; or he can sell it and leave part of the purchase-money on mortgage; or he can fen it—*i.e.*, lease it in perpetuity for a fixed rent; or he can lease it for a term of years. It is obviously unjust to pick out for a penal taxation the man who has selected the third or fourth of these methods, and to leave unscathed the man who has selected the first or the second.

A NEW BURDEN ON PRESENT RATEPAYERS.

“We are, therefore, driven inevitably to the conclusion that existing contracts must be respected. But what follows? The public has been told that the taxation of land values will lighten the burden that now rests on the ratepayer. Pictures have been drawn of great noblemen in possession of colossal fortunes derived from ground values, and political orators have pointed to these fortunes as a fit subject for special taxation. But if existing contracts are to be respected, as they must be, this attractive picture vanishes into thin air. **The great nobleman disappears, and we are left face to face with the struggling ratepayer. It is upon his already overburdened back that will be placed any new burden that Parliament may impose by taxing land values.**

“I think when the general public realises that this would be the effect of the Bill that passed its second reading last session, we shall hear very little more of that measure, at any rate.

VERDICT OF THE ROYAL COMMISSION.

“Among other schemes which ought to be mentioned are the schemes put forward respectively by Mr. (now Lord Justice) Fletcher Moulton and by Mr. Harper, the Statistical Officer of the London County Council. Both these schemes were considered by the Royal Commission. Of Mr. Fletcher Moulton's scheme the authors of the Minority Report begin that they are doubtful whether they have understood it. They go on to say

that Mr. Harper's scheme is 'much more difficult to understand.' And they add that 'neither scheme is workable or equitable.' Their verdict on these and other schemes is summed up in the following words:—

'We feel bound, for the reasons which we have explained, to condemn unhesitatingly all the schemes which have been put before us in connection with the rating of site values.'

THEIR OWN SCHEME.

"This is not the verdict of enemies. It is the verdict of those members of the Commission who accepted the principle of taxing land values, and whose report has been constantly claimed as a full justification for every ill-drafted project laid before Parliament.

"What, then, it may fairly be asked, did these Commissioners themselves propose? They proposed two things:—First, a large grant from the Imperial Exchequer in aid of local taxation; and, secondly, a small tax on land values. They carefully explained that these two proposals were interdependent, and that the second only became equitable as a consequence of the first. Their argument was as follows:—In the long run the burden of local rates is mainly borne by the owner of the soil, because he would get a higher rent if there were no rates; it will, in effect, be adding to the income of landowners. Consequently, it is only fair that a special tax should be imposed to intercept part of this boon. The Commissioners are careful, however, to add that the rate must be very small, lest injustice should be done to existing occupiers and leaseholders; that it should be only applied in aid of those forms of local expenditure which add to the value of land; that it should be strictly limited in amount by Act of Parliament; and that, in order still further to avoid the danger of predatory taxation, this little rate should, at the termination of existing contracts, be equally divided between occupier and owner."

It is interesting to note that Mr. Sidney Webb, L.C.C., who has made a special study of the question, while approving of the

division of rates between occupier and owner, and of the rating of land values, comes to the conclusion in his book, entitled *The London Programme*, published in 1895 (page 200), that—

“ . . . It is doubtful whether any large addition to local revenues could rapidly be obtained from these sources without causing such a depreciation of the value of property as would inevitably be regarded as confiscation.”

To revert to Mr. Cox's arguments: the contention that land will be forced into the market by a taxation of land values does not meet with his approval.

TOO MUCH BUILDING IN TOWNS.

“ Moreover, the whole idea of trying to force land into the building market is based upon an extremely superficial diagnosis of the needs of the public. Great urban communities need open spaces even more than they need fresh building land, and one of the humours of the present situation is that the London County Council, while advocating the taxation of land values in order to force land into the market, is simultaneously promoting a Bill in Parliament to prevent any building at all on numerous spaces that still, happily, remain uncovered. These delightful oases in a wilderness of bricks and mortar will inevitably be destroyed by Mr. Trevelyan's Bill. In the same way, that Bill would seal the fate of the old houses that have been preserved for so long because of their beauty or historic interest, although, commercially, it would pay to pull them down. Our great cities would be robbed of their amenities, and the only persons to profit would be the landowners, who would obtain an increased rent-roll.

“ In most large towns there is already too much building. What the nation really needs is more building in the country. At the present moment men are being driven from the country to the towns, solely because it is in the towns alone that they can find house room. This process is daily going on, and it is fraught with disaster to the nation; yet the two Bills that were

introduced into Parliament last session with the professed object of solving the housing problem were both limited to municipal boroughs and urban districts."

THE SYSTEM OF INDIRECT RATING IS CONDEMNED.

"... This evil is intensified by many incidents of our rating system, and especially by the mischievous practice of compounding for the rates. Neither in East End tenements nor in West End flats does the occupier ever know the unpleasant experience of receiving a rate collector's demand note. Yet such occupiers are constantly increasing in number, and by their votes they can impose on their fellow citizens charges which may often turn the scale between success and ruin. So great has this evil become that in some parts of London more than half the electors pay no rates, while a very large number of the persons who provide the municipal revenue are excluded from the municipal franchise. Our ancestors fought and died for the doctrine that taxation and representation should go together, but we, who have inherited the liberties they won, look on with indifference while the very foundation of those liberties is being sapped beneath our eyes."

During the ensuing discussion on the paper, Sir Richard Farrant said:—

It would, however, be a mistake to single out land, and land alone, for a special tax as a species of property. Liberal friends have forgotten that the basis of the old Liberal party was the abolition of privilege. **Privilege has gone, and plunder now seems to be the basis of our action. I protest very strongly against plunder, and the Liberal party is likely to damage its own interests by selecting for plunder a special article in which, perhaps, they have a smaller stake than any section of the community.** You should not single out one item of wealth alone for the purpose of raising the taxes which are necessary for carrying on the Government of the country.

In the course of his reply to his critics, Mr. Harold Cox laid stress upon the point that the proposed reform was a good election cry, and appealed for fair play all round. He said:—

"I believe that this scheme for taxing land values has only commended itself to the public because it appeals to those predatory instincts which perhaps exist in all of us. An

aristocracy can give free play to its predatory instincts because it is a minority, and, therefore, can flourish by plundering the rest of the community.

“A democracy cannot indulge in plunder, because the democracy is the mass, and the mass cannot plunder itself. The only possible system for a democracy to adopt is a system based upon fair play all round. **We must, therefore, base our taxes** not upon metaphysical views as to the nature of property, nor upon speculations as to what a man's property was worth in the past, or what it may be worth in the future, but **upon the actual taxable capacity of each citizen this very day.**”

Infinitesimal Relief!

In a letter to *The Estates Gazette* of May 6th, 1905, Messrs. Batty and Eckert, Valuers, Highgate, wrote:—

“Though these proposals are for the rating of land values it by no means follows that it is a mere question of increased assessments or of rating. It is far more than this. Primarily it is neither a question of reducing rates nor of finding new sources of public revenue. **There is no great source of new revenue in land values.** With regard to reducing rates it is true that the rates in the Urban District of Finchley will fall 1s. 11d. in the pound, and that in the municipal borough of Hornsey the rates will fall 4d. in the pound. But in the large Metropolitan Boroughs of Fulham and Islington, the rates would only be reduced 2d. and 1½d. in the pound respectively by rating land values. Now, considering that in Finchley this lowering of the rates would only mean relief of about 3d. a week in the case of a tenement of two rooms, what ‘relief’ would there be to a poor man living in Islington or Fulham? **Why, the relief would be infinitesimal.** In Fulham about £300,000 every year is collected in rates. The rating of land values would add £7900 more to the revenue of Fulham. In Islington about £700,000 is raised by rates. The rating of land values would add £10,000 per annum to the revenues of Islington. Surely these cannot be said to be ‘huge sources of untapped revenue.’ The fact is, the rating of land values is,

as said above, primarily neither a rating question nor a land question . . . The rating of land values is primarily a labour question . . .”

Mr. Edward J. Vaughan on January 17th, 1906, delivered an address at the Auctioneers’ Institute of the United Kingdom, Chancery Lane, London, on the subject of the Taxation of Site Values.

Assuming that the basis of any action which the new Government may take will be Mr. Trevelyan’s Land Values Assessment and Rating Bill, read a second time by a majority of 90 last session, Mr. Vaughan adversely criticised the measure. The benefit which local authorities would reap from it would be meagre—fourpence in the pound at Hornsey, twopence at Fulham, a penny in such completely-covered districts as Finsbury and Clerkenwell, and so on. **Separate assessment of land values would do no good to tenants whose landlords paid the rates, as in the cases of flats, manufacturing premises, office property, model dwellings, and cottages, nor would it benefit ratepayers with short tenancies. The scheme would be fruitful of litigation. It would stimulate the extravagance of local authorities, over whom the occupier had control by his vote while the landowner had not. The necessity of excepting current contracts would render the whole scheme chaotic. If there was any relief at all it would be in favour of owners and occupiers in outlying places at the expense of owners and occupiers in central localities. Unless the almost impossible task of readjusting urban areas were surmounted the taxation of site values would everywhere give rise to anomalies. Uncertainty of landlords as to future rates would inevitably result in a shortening of tenancies, with consequent injury to tradesmen and others.** The scheme took no account of reversionary interests and made no distinction between sites decreasing in value and those with a contrary tendency. Finally, **it would check to a disastrous extent the great investment of capital in real property, and in the long run the public would be the greatest sufferers.**—*The Morning Post*, January 18th, 1906.

Views of the Present Government.

At the Foreign Office, on February 26th, 1906, the Chancellor of the Exchequer, Mr. H. H. Asquith, received on behalf of the Prime Minister, a deputation of representatives of municipal and other rating authorities who wished to urge the Government to legislate for the taxation of land values. Mr. J. H. Whitley, M.P., introduced the deputation. With Mr. Asquith were Mr. John Burns, Mr. James Bryce, Captain Sinclair, and Mr. R. McKenna.

The Lord Provost of Glasgow (Mr. William Bilsland) said that the movement was one of paramount importance and was national in its character. Taxation of land values was in no sense a party question. It had had the cordial support of men of all shades of political opinion, and at the recent General Election the question was prominently brought before the constituencies. The deputation that day urged that the large number of members returned pledged to support a measure for the taxation of land values irrespective of party indicated clearly the feeling of the country on the subject. It was a question which affected closely all municipalities, and especially those responsible for the administration of large cities in which there were slums and congested districts. The great increase given to the value of land by public improvements and the development of municipal tramway services, an increased value not subject to adequate taxation, suggested the necessity of some such legislation as had been indicated in Bills dealing with the subject, and unless local authorities could tax this increase they would be paralysed in dealing with future improvements. In very many instances the owners of the land had their land greatly enhanced in value without being called upon for any contribution to the cost of the improvements which had brought about that result. Had the principle for which the deputation was now contending been in operation, those proprietors would have contributed a proper and just share in proportion to the increase made in the value of their land. He placed on the table 518 petitions from rating authorities in all parts of the United Kingdom and Ireland.

Ex-Bailie John Ferguson (Glasgow), chairman of the Conferences of Rating Authorities, said it was clearly enough perceived by all classes that promises at municipal elections of reductions in expenditure were simply demagoguery. They lately bought a new park in Glasgow for £29,000. Alongside of it was twelve acres of land for which no one would have given £50 per acre, but no sooner was the park opened and the tramways extended than that land became worth £1140 per acre. They spent £60,000 upon another park. The rents of the houses around it were raised to an amount that would relieve the ratepayers of their

entire outlay. In the United States by the law of betterment the whole of that increment would belong to the city whose municipal expenditure created it, and 80 per cent. of the annual value would be appropriated (in most of the States) to repay the public for its outlay. He submitted that no matter how industrious, economical, prudent, and moral the people became there would continue to be millions in poverty and degradation so long as the present appropriation of the increment obtained.

The Lord Mayor of Manchester (Councillor J. H. Thewlis) said it was not necessary to argue the case, but only to show the urgency of it. Manchester had been to the fore in great measures of reform and in municipal matters, and the ratepayers, while convinced that they could not go back, felt the rates too heavy a burden. Therefore they must look for new sources of income, and the taxation of land values would be one founded on justice.

Mr. Asquith, in reply, said it was a matter of regret to the Prime Minister that he could not carry out his intention to receive the deputation. Sir Henry Campbell-Bannerman was unfortunately indisposed—he hoped only slightly and temporarily—but his indisposition was of sufficient severity to make it impossible for him to leave his room. Therefore it devolved on him to state the views of the Government on the subject, though he thought their views were not in much doubt. In the last Parliament he on more than one occasion expressed very clearly what he thought was the true policy of the nation in regard to this matter. Those views he held still without any qualification or modification. Almost alone in the category of social and fiscal reforms this one met with practically unanimous sympathy and approval without distinction of politics or party. It would be impossible for any Government, even if it were *primâ facie* unsympathetic with the objects of the movement, to ignore such a remarkable and so unexampled a manifestation of general opinion. He quite agreed that in the growing pressure of rates upon municipalities **it was not sufficient to say that they must cut down or arrest expenditure because we had adopted a higher and more exacting standard of municipal life.** It was of paramount importance, if this process of social development was to continue, that **some additional reservoir should be found upon which in justice drafts could be made to meet ever-growing necessities.**

RIGHTS OF PROPERTY.

He had always regarded this movement, properly understood, as in the strictest sense not a derogation from, but an assertion of, the rights of property. What were the two principles upon which it was founded? He thought they were simple, and that they accorded with common-sense. The first was that those who specially benefited by improvements should bear their fair share of the cost, and the second was that the community should reap the benefit of increased values which were due to its own expenditure. (Hear, hear.) Those two doctrines appeared to him to be the necessary corollary of the doctrine of the rights of property. He could not say that day, and they would not expect him to say, anything about the machinery by which those principles should be carried into effect. On some points, of course, they were all agreed. A preliminary step would be to have a separate assessment of site values, and again vacant land which was ripe for building development, but which was being artificially held back for the sake of being disposed of at enhanced prices, should not thereby be withdrawn from the sphere of municipal taxation.

A MATTER OF URGENCY.

It had been pointed out that no mention was made of the subject in the King's Speech. That was true, but it was not because his Majesty's Government in any sense undervalued either the importance of the subject or its urgency. The reason—apart from the fact that the Government had an ample programme already and apart from any question of competitive merit or precedence—was that they desired to have ample time to consider the best way of applying the principles which he had enunciated, and in particular to review the subject in relation to its bearings on the general question of local taxation and expenditure. They were more likely to have a satisfactory and permanently adequate measure if they allowed themselves a little time and patience for the problem than if they introduced a small and piecemeal instalment of legislation for the reform which they desired. He assured them once more that the Government were in hearty sympathy with the

objects of the deputation, and as the time went on they would do their best to assist in the objects which the deputation had before them.

Mr. James Bryce (The Chief Secretary for Ireland) said he did not think that he could usefully add anything to what had been said with great lucidity by the Chancellor of the Exchequer. He agreed, as they all agreed, with the principles that he had laid down and the arguments he had adduced in order to show that the proposals dealing with the subject were required by every principle of progress. Care was required, and some difficulty might be found in working them out in a clear and permanent form.

Mr. John Burns (The President of the Local Government Board) said it was neither necessary nor relevant that he, as President of the Local Government Board, should add very much to the practical, sympathetic, and direct observations which the Chancellor of the Exchequer had addressed to the deputation. For the lack of a more efficient way of fitting the burden to the back many municipalities were permitting nuisances to be intensified, and were arresting the development of hygienic reforms, not because there was no desire to help, but because the means of doing so were already overstrained; they did sympathise, and, what was more, they desired to help. There were two or three ways of doing the same excellent thing. He might be wrong, but as President of the Local Government Board it was borne in upon him that to do adequate justice to those concerned some measure in regard to assessments was required, and such a measure must, he thought, precede by a short interval of time the legislation for which they asked. Local taxation had to be amended or readjusted. This Government saw as clearly as the last Government, and certainly more clearly in his judgment, a better way out of some of the troubles that beset the rate-payers and the ratepayers' representatives. As to the time to be selected for putting their views into operation they must allow the Government to have more or less discretionary power in deciding what opportunity would be best to give expression

and application to the views which had been laid before them.

A vote of thanks to the Chancellor of the Exchequer was passed, and the deputation withdrew.—*The Morning Post*, February 27th, 1906.

In a letter to Mr. Asquith, the present Chancellor of the Exchequer, a Harlesden resident wrote pointing out that much hardship would be occasioned in any scheme of rating land values to small freeholders who, through building societies or in other ways, were making provision for old age by buying a freehold house. Thus by the suggested assessment of earlier measures (3 per cent. on the capitalised value of the house site), a freehold house on a plot worth £150 would be assessed at £4 10s., and would involve, on the Harlesden rate of 7s. 7d. in the pound, a payment of 34s. a year.

The Chancellor of the Exchequer, through his private secretary, **replied** in the following terms: "I am desired by the Chancellor of the Exchequer to acknowledge the receipt of your letter of the 27th ultimo and to say that he is well aware that **a scheme of taxation of land values without distinction could scarcely fail to give rise to cases of hardship** such as you mention, and that this fact will not be overlooked by the Government when the question is under consideration."—*The Morning Post*, March 5th, 1906.

The Present Government's Intentions.

The Times for December 19th, 1906, states :—

"The following authorised report has been issued of a deputation of nearly 150 Liberal and Labour members of Parliament which waited on the Prime Minister yesterday afternoon (December 18th, 1906) to urge the need of early legislation in the direction of taxation of land values :—

"The views of the deputation were put forward by Mr. J. H. Whitley (Halifax), who is chairman of the Sessional Committee devoted to this subject, Sir Alfred Thomas

(Glamorgan, East), Mr. F. W. Jowett (Bradford), Mr. E. C. Price (Edinburgh), Mr. C. P. Trevelyan (Elland), and Sir Albert Spicer (Central Hackney). The separate valuation of land values, as distinguished from buildings and other improvements, was asked for by all the speakers as the first step necessary to the accomplishment of a reformed system. Many instances were given to show how under the present system the benefits of every reform, legislative or administrative, are largely absorbed by increased land values and fail to reach the persons for whom they are intended.

“The Prime Minister, in the course of a sympathetic reply, **expressed a confident hope that a measure for the separate valuation of land values would find a place in the Government programme for next Session.** He fully agreed with the speakers about the unjust and undesirable diversion from public to private pockets of a large part of the results of improvements made in the condition of the people, whether by legislation or by local administration. He pointed out that the full reform desired by members interested in the question could not be carried out in a single measure, and that this made it all the more desirable that the necessary preliminary of valuation should be undertaken without delay.

“The President of the Local Government Board (Mr. John Burns), who was also present, added a few words indicating that he was engaged in considering the question with the Chancellor of the Exchequer. Mr. Whitley briefly expressed the thanks of the deputation to the Prime Minister for the sympathetic reception he had given to their views.”

Objections Summarized.

In conclusion, it may be said that a serious examination of the arguments for and against the taxation of land values, &c., leads inevitably to these conclusions:—

1. That, even if a satisfactory plan could be devised for levying such a tax, the revenue so derived would be extremely small.

2. That "unearned increment" exists in many other classes of property besides land, and ought not to be specially taxed.

3. That the taxation would, in the end, be probably borne by the occupier.

Numerous other objections of a technical character might be urged, and c.f. especially pages 186 to 192 *supra*.

Recoupment v. Betterment.

The evidence given by Mr. Shaw-Lefevre (now Lord Eversley) in April, 1899, before the Select Committee of the House of Commons on the County Council Improvements Bill, 1899, amounted to a striking vindication by a Radical leader of a principle which the Moderate Party has steadily for many years maintained, and the Progressives have as steadily resisted. Mr. Shaw-Lefevre said "he had carefully considered the relations between the betterment principle and recoupment. He had never recommended betterment as a substitute for recoupment. **In any public improvement he had always regarded recoupment as the best mode of getting the increment of value arising from the improvement in aid of the cost of the scheme.** But there were other cases in which betterment was the best plan."

The words in dark type state the position of the Municipal Reform Party exactly. Everyone agrees that, when property can be shown to be specially benefited by public improvements, such benefit should, as far as possible, go to the public who have paid for the improvements, but there are two methods of obtaining this benefit for the public. The first is the method of "Recoupment," under which local authorities are allowed to take, under compulsory powers, land adjoining improvements, with a view to recouping the cost of the improvements by a resale at the enhanced value.

The second is the method of "Betterment," which places on property specially benefited a charge representing some part

(under recent Acts one-half) of the enhanced value. It has always been clear to the Moderates, and has at last dawned upon the Progressives, that Recoupment is, in most cases, the more profitable method of the two, for, in the first place, it gives to the public the whole (instead of half) of the enhanced value, and, in the second place, it avoids the costly system of assessments, followed by law suits, which is inseparable from Betterment. In the case of the southern approach to the Tower Bridge, the Progressives insisted upon applying the Betterment principle, but they have never been able to show that it has succeeded there. The Strand Improvement Scheme has been carried out exclusively on the Recoupment principle.

Profits resulting from Recoupment.

In a letter published in *The Times* of October 31st, 1905, Mr. Shaw-Lefevre (now Lord Eversley), referring to the time when he was Chairman of the L.C.C. Improvements Committee, and the Westminster Improvements Scheme was passed, wrote:—"I may explain that the Westminster Improvement, like that of the new Kingsway and Aldwych, and also the Kensington High Street widening, was based on the acquisition of a very wide area of recoupment, by which it was hoped to recover a great part, if not the whole, of the cost of the scheme—a new departure as an alternative to the abortive principle of 'Betterment,' and to which I attributed the highest importance in its bearing on future schemes of street improvements in London."

After pointing out how strongly the Progressive Party opposed the proposal, and how the scheme was only carried "by very narrow majorities," Mr. Shaw-Lefevre continues:—"I must admit that I committed what was naturally considered by many of my friends of the Progressive Party as an unpardonable offence, from a party point of view, in accepting the support of the Moderate Party, and carrying it largely by their aid. The result of the scheme as now apparent from the *bona fide* offer of the syndicate has far exceeded my most sanguine hopes.

The ground rent of 4 per cent. on the total cost of the scheme when it reaches its maximum seven years hence will be £52,000 a year, and the interest of the money borrowed for the scheme will be £40,000, **a profit of £12,000 a year.** From this has to be deducted the interest payable in the interval between the purchase of the property and the time proposed for the maximum ground rent, which is estimated by Lord Welby at £170,000. Even making this allowance there will be a large profit. . . . **The result is another proof, following closely on the Strand Improvement Scheme, of the immense importance of connecting street improvements with great schemes of recoupment."**

The Early History of the Controversy.

From 1890 to 1895 the Progressive Party advocated "Betterment" as against the Moderate plan of "Recoupment." The House of Lords, as they have done since in regard to other matters, refused to acknowledge the infallible wisdom of the Progressive scheme of Betterment as embodied in L.C.C. Bills. Of course the Progressive Party threatened the House of Lords, and called upon London to witness how great was the iniquity of the Upper Chamber—how it thwarted "the wishes of London."

Then came the L.C.C. elections of March, 1895, when the Moderates secured a victory which placed them almost on an equality in numbers with the Progressive Party. The Moderates advocated "Recoupment" as against "Betterment," and forced the Progressive Party to grudgingly accept their plan.

The immediate effect was that urgent street improvements, which had been hung up for six years owing to Progressive obstinacy, were immediately undertaken on the "Recoupment" plan, and work was found for thousands of the unemployed. The result now is that Moderate principles have been triumphantly vindicated, and the Progressive policy correspondingly discredited.

So far as the people of London are concerned, they owe a deep debt of gratitude to the Moderate Party for its excellent work in the matter of street improvements. There is no gratitude due to the Progressives who, by their obstinacy, mulcted the ratepayers of London in heavy Parliamentary costs and delayed necessary improvements for six years, and thereby materially increased the ultimate cost of such improvements.

STREET IMPROVEMENTS.

This subject in connection with Tramways is dealt with in the Article on "Locomotion." In this Article, also, the Report of the London Traffic Commission is fully dealt with, especially on pages 106 to 123 of Volume I.

Some day it will, doubtless, be brought home to the inhabitants of London how much the advancement of their city has been handicapped by the extremist views put forward by the Progressives in the early days of the London County Council.

When that day comes, it will be seen that in no respect has London suffered more than in the matter of street improvements, and in the failure to grapple judiciously with the problem of congested traffic.

For congestion in regard to traffic is the inevitable curse of great cities which have outgrown their communications, and which are compelled to rely upon the narrow, crooked streets of a past civilisation to meet the requirements of to-day. To-day the situation requires urgent attention.

Consider all that it means, and all that it entails. It goes much further than what can be remedied by working men's trains and tramways, for **it strikes at the very root of profitable trade, employment, and cheap living.** For these—and London cannot exist a day without them—free and speedy communication is essential.

To take an hour to compass a distance which, but for congestion, could be easily covered in half the time, is waste of man, of motive power, and of material. It means that in the industrial race, London must inevitably be outstripped by her commercial rivals. It is also waste of money. It makes long distances prohibitive; it enhances, to an absurd extent, the value of central sites, and it militates against that dispersal of varying industries over a wide area which, from the point of view of light and air, and health and wealth, is to the advantage of all classes of the community.

The late Metropolitan Board of Works.

This body came into existence in 1855; its career ended in 1889. In those thirty odd years, besides innumerable small works, it carried the following important works to completion:—

Shaftesbury Avenue	Union Road
Northumberland Avenue	Charing Cross Road
Theobald's Road	Gray's Inn Road
High Street, Islington	Clerkenwell Road
Southwark Street	Tooley Street
Garrick Street	Commercial Road
High Street, Shoreditch	Great Eastern Street
Queen Victoria Street	Marshalsea Road.

Last, but not least, the Board had the courage to carry out what had often been mooted, the Embankments on the side of the Thames. These magnificent thoroughfares added three-and-a-third miles of wide roadway to the communications of London.

The Board did much to open up London. With the Board it was seldom a question of pulling down new buildings only to re-erect them some ten feet further back, at enormous expense—a method of economic waste which can benefit nobody except the builders. Their policy was to create new routes of traffic, and turn foul slums into valuable frontages. Working with imagination, they were prepared to take advantage of all up-to-date requirements. It is only by new streets, never by simple widenings, that it is possible to arrange the system of tubes and subways, and drainage, and innumerable wire connections which are necessities of modern civilisation.

Besides all these completed works, it left a goodly heritage of works in progress to be finished by its successors, the L.C.C. The most notable of these is Rosebery Avenue.

Let any man who remembers former London, imagine what its state would have been to-day had not these great improvements been executed.

The Progressive Record.

What is the Progressive record? They have ruled at Spring Gardens for more than half the period during which the Board of Works were in existence, and all that they have either commenced or completed is within the memory of everybody. A great portion of it is still behind the hoardings. This most unfortunate result is the direct outcome of the exploitation of certain planks of the Progressive platform.

First and foremost of all was the attack on land and all property. In the early days of the Council, "Betterment" and "Taxation of Ground Values" was the somewhat nebulous Progressive creed, and until these difficult questions had been worn threadbare, they called a halt in all matters of street improvements.

It would be impossible to describe the result better than by quoting some paragraphs in the "History of London Street Improvements," printed by order of the Council in February, 1898. Much may be read between the lines :—

"The Council accordingly resolved to postpone all new loans for permanent improvements which could be postponed without grave inconvenience, 'until Parliament should have provided that the burden of all loans for such improvements should fall upon such persons as the law should hereafter direct, all private contracts to the contrary notwithstanding.' The Improvements Committee, being of opinion that many of the proposed improvements under consideration were of pressing necessity, and were such as could not be postponed without grave

inconvenience, continued to submit proposals to the Council for adoption, but all the schemes with one or two exceptions, were referred back to the Committee. Again and again the Committee brought up to the Council various suggested improvements, and time after time the Council felt compelled, in the absence of new sources of revenue, to refrain from adopting the Committee's recommendations. Notwithstanding these serious discouragements, the Committee still endeavoured to diligently and faithfully discharge the duties imposed upon it."

A truly damning indictment of Progressive (!) methods. In this way precious years were wasted. It was the time of great building developments; leases were falling in in many parts of London, notably in the most expensive areas, and chances were let slip which cannot come again for three generations. But the Progressives chose to put their politics before their municipal responsibilities, with the results that few improvements were undertaken, that the congestion grew and grew, and that the unfortunate Council rapidly became a well-deserved object of suspicion to those whom it was its first duty to conciliate.

Great improvements can, of course, always be made by compulsory purchase, but they can be made with infinitely greater ease by friendly bargaining, and it will be many years before the Council lives down the far-reaching results of the great blunder it made at the outset.

No Tramways, no Improvements.

The next point to be considered is that which relates to the controversy which culminated in the Progressives laying down the rule—"No tramways, no improvements." Things might have been different had their desire to run omnibuses been successful; but when, after considerable waste of money, it was definitely decided against them that this was *ultra vires*, they seem to have made up their minds that they need consider nothing beyond their own tramway routes. Out of tramways, more especially

if they could get their wide roadway for next to nothing—an advantage which they would indignantly refuse to any company—they hoped to be able to make a profit. Why should they do anything to assist old-established rivals? But, from the point of view of the public, which travels not only in tramways, but on foot, by omnibus, cab, and carriage, who send goods and receive goods by van and cart, and whose very existence depends on free and fast locomotion, is this either fair or wise?

The Municipal Reform Party, whose policy it is to bring about an improved London, hold that the Progressive Party started on the wrong lines, wasted precious money, and even more precious time, and most unnecessarily created an atmosphere of jealousy and distrust. Coming into a great position with the unreasoning and fanatical zeal of people who thought it was their mission to reform they knew not what, they picked a quarrel with every public body, from a Borough Council to the House of Lords. And they have done much to render the ultimate improvement of London both more difficult and more costly.

The paramount necessity of street improvements cannot be better stated than in the words of one of the most convinced Progressives:—

In a report made to the Council in July, 1892, the then Chairman of the Improvements Committee (Mr. Frederic Harrison), in advocating the construction of a new street from Holborn to the Strand, expressed the opinion that a **“loss day by day of ten to fifteen minutes, in the traffic between two great thoroughfares in London, may amount to a permanent tax of a farthing in the £ on the rateable value of the County.”**

The Municipal Reform Policy.

The Municipal Reform policy is to adopt the principles which guide practical men in their private business. Large works should be carried out in succession, not simultaneously. This economises the powers of valuable officers; it makes finance easier, and, a matter of no small importance, does not disturb all at once the trade of the City, but affords men more opportunities of moving into new premises. The Reformers

would carry out various improvements in the order of their urgency. They believe that for a large improvement a comprehensive recoupmnt scheme is the best method; while, for smaller improvements, a reasonable contribution from the Borough Council especially benefited will often, in practice, be found easier, better, and more just than a "betterment area."

In the next few years a good deal of street widening will inevitably have to be carried out, in connection with tramway extensions. The Reformers, however, would not make the mistake of rushing forward imperfect and ill-considered schemes, still less would they force them upon unwilling districts. They would, on the contrary, carefully think out all proposals in conference with the Borough Councils, and would endeavour to carry them out in concert with the local authorities and with due regard to local sentiment, adopting the wise policy of moving along the lines of least resistance.

As stated in the Municipal Reform Party's Manifesto, dated December 4th, 1906, "**It will be their aim to improve the means of locomotion and transport in London and its suburbs.** With this object, they will urge the immediate appointment of a Traffic Board, as recommended by the Royal Commission, in order that there may be a regular and systematic examination and control of Municipal and private schemes, leading to the gradual adoption of an harmonious plan of traffic for the entire area of Greater London."

Result of Delaying Improvements.

The two cases in which estimates have been prepared of the cost of delaying works are those of the Strand widening between the churches and the Tottenham Court Road (Bozier's Court) scheme. The figures in the former case were as follows :—

Estimated cost in 1889	... ..	about £400,000
„ „ when sanctioned by		
Parliament in 1897		569,130
Cost of delay	... ..	<u>£169,130</u>

The cost of widening Wellington Street, by setting back the western side, was estimated at £34,700. The Council, on 26th June, 1894, declined to withdraw the condition as to betterment, and the arrangement with the Duchy of Lancaster accordingly fell through. The improvement must be undertaken sooner or later, and **new leases have since been granted, which must greatly increase the cost.**

TOTTENHAM COURT ROAD, AT BOZIER'S COURT.

In July, 1891, when the Improvements Committee first recommended the Council to apply to Parliament for powers, the estimated cost was £50,900.

In February, 1897, when the Council's Bill was submitted to Parliament, the estimated cost was £53,860, showing an increase of nearly six per cent.

WESTMINSTER IMPROVEMENT SCHEME.

Again, in the case of the Westminster scheme, the valuer advised the Committee that if the improvement were delayed for one year, the cost would be increased by at least £78,000.

Dates when the scheme of the Improvements Committee was opposed in the Council :—

27th June, 1899.

4th July ,, Resumed debate.

17th October, 1899.

24th ,, ,, Resumed debate.

20th March, 1900.

24th July ,,

Statement showing the actual or estimated net cost to the Council of county improvements sanctioned and undertaken by the Council under statutory powers, the amount of contribution promised by the Council towards the cost of local improvements, and the amount of contributions paid to local or other bodies upon the completion of local improvements, during each financial year from March, 1889, to March, 1906 ; and the estimated net cost to the Council of county improvements in respect of which Statutory powers are being sought.

Year of Council's sanction.	Actual or estimated net cost to the Council of county improvements sanctioned and undertaken by the Council under statutory powers.		Estimated net cost to the Council of county improvements in respect of which Parliamentary powers are being sought.		Contributions promised by the Council towards the cost of local improvements.		Totals of columns 1, 2 and 3.		Contributions paid by the Council upon the completion of local improvements (including payments in respect of certain improvements sanctioned by the Metropolitan Board).		
	1	2	3	4	5	6	7	8	9	10	
	£	£	£	s.	d.	£	s.	d.	£	s.	d.
1889-90	1,560	—	11,525	0	0	13,085	0	0	22,328	5	5
1890-91	155,127	—	4,781	13	4	159,908	13	4	22,013	14	2
1891-92	53,426	—	44,400	0	0	97,826	0	0	13,921	0	4
1892-93	396,205	—	14,127	10	0	410,332	10	0	6,138	12	4
1893-94	7,500	—	23,090	11	8	30,590	11	8	13,076	13	10
1894-95	6,845	—	20,450	0	0	27,295	0	0	21,214	16	0
1895-96	450,182	—	104,978	16	2	555,160	16	2	66,024	7	11
1896-97	763,805	—	257,141	19	11	1,020,946	19	11	31,103	5	6
1897-98	261,487	—	46,555	18	4	311,042	18	4	47,432	15	6
1898-99	943,700	—	96,533	17	3	1,040,233	17	3	50,334	13	4
1899-00	1,455,700	—	171,209	6	9	1,626,909	6	9	107,483	9	2
1900-01	451,785	—	195,984	11	5	647,769	11	5	9,256	7	5
1901-02	543,938	—	117,426	2	8	661,364	2	8	29,013	9	2
1902-03	102,096	—	19,837	10	0	121,933	10	0	20,764	18	2
1903-04	731,410	—	28,295	1	0	759,705	1	0	83,143	19	7
1904-05	273,240	—	22,238	12	6	295,478	12	6	93,584	0	0
1905-06	13,170	95,114	37,798	10	0	146,082	10	0	31,136	4	5
...	£6,614,176	£95,114	£1,216,375	1	0	£7,925,665	1	0	£667,970	12	3

NOTE.—The cost of the six county improvements commenced by the Metropolitan Board and completed by the Council and not included in the foregoing return was £332,586.

NOTE.—In the foregoing return the amounts to be charged to the Tramways account in respect of street improvements in connection with tramways schemes have not been deducted.

NOTE.—It will be observed that since 1889 the Council has promised contributions towards the cost of local improvements undertaken by the local authorities amounting in all to £1,216,375 : 1s., but that sums amounting to only £667,970 12s. 3d. have been paid. This is owing to the fact that many of the improvements in question are still in course of execution by the local authorities concerned, and the time for payment of the Council's contributions has therefore not yet arrived.

(Extracted from the Report of the Improvements Committee in the Annual Report of the Proceedings of the Council for the year ended 31st March, 1906, page 169.)

The Westminster Improvement and the L.C.C.'s Financial Position.

On October 24th, 1905, the Council discussed the offer of the Victoria Embankment Contract Syndicate (Limited) to lease the surplus land in connection with the Westminster improvement. **The Improvements Committee recommended the Council to accept the offer of the Syndicate**, subject to the result of the usual inquiries proving satisfactory.

Mr. Horniman (P.), in moving the recommendation, said that the Syndicate was a very strong one, comprising as it did Lord Avebury, the Right Hon. Alfred Lyttelton, M.P., the Hon. W. F. D. Smith, M.P., Mr. F. Anthony White, the Hon. John Scott-Montagu, M.P., and Mr. H. Brown Marshall.

Mr. N. Hubbard (P.) moved as an amendment:—

“That it be referred to the Improvements Committee to bring up a scheme in time for the Session of 1907 for the Council to acquire such additional property as will complete the improvement on the lines indicated by the Syndicate.”

He did not desire to discuss whether the Syndicate was offering a fair rent or not. What he wanted to call attention to was the question of principle. It had always been the object of the Council to carry out its own improvements in its own way, and to utilise the land to the very best advantage. In 1898, a syndicate composed practically, if not entirely, of the same

gentlemen as now, made a similar proposal, and at that time the Council was very much opposed to the action of the Syndicate, and on the advice of the Parliamentary Committee they did not confine themselves to opposing the Bill in Committee, but opposed it before it got to Committee. He desired to ask in what way the position had changed? For all practical purposes it was the same improvement. It was a pure financial speculation on the part of the Syndicate. He thought the Council was strong enough to purchase the adjoining land themselves, and let it. He believed it would be a splendid piece of business for the Council as representing the London ratepayers.

Dr. Cooper (P.) seconded the amendment.

Mr. Howell Williams (P.) expressed himself as surprised that members of the Council could have been so short-sighted as to propose and second the amendment. If the Council wanted the improvement to be a financial success without any charge upon the ratepayers, they would accept the proposals of the Improvements Committee.

Mr. H. P. Harris (M.) was in favour of the Syndicate's proposal, though he did not think the report as presented to them that day was entirely satisfactory. Having regard to the heavy burdens now imposed upon the ratepayers, he appealed to the Council to accept this opportunity to lighten the ratepayers' burden.

Lord Welby (P.) said the position had changed considerably during the past few years. Within the next year or so the Council would be face to face with a serious condition of affairs. When they passed the Westminster improvement scheme a few years ago, the Council had not committed itself to the enormous financial proposals involved in electrification of tramways, a steamboat service, construction of tunnels, and other great works which would be felt in the near future. To treat this proposal, involving half a million of money (as the proposer and seconder of the amendment wished to do), as a mere bagatelle was, to say the least of it, far from wise. The money market did not regard such sums as mere bagatelles. The commitments, which were not in existence at the time the Westminster

improvement was decided upon, amounted to between £12,000,000 and £15,000,000, and this was coming upon the Council within the next two or three years. **They had expended £5,000,000 on Kingsway and Aldwych**, and while time was going on, recoupment was long delayed. **The ratepayers were suffering to a large extent, and were paying £120,000 a year on the dead debt of the Holborn-to-Strand scheme**; and if the Council did not accept the proposal of the Syndicate as regarded Westminster, there would be a deficit to be met by the ratepayers of £175,000, even if all the recoupment was received. Before the Council committed itself to any further large expenditure, he implored the members to pause and consider that they were the guardians of the public purse, and to realise the responsibilities that guardianship entailed. He hoped that the Council would not adopt the quixotic proposal of Mr. Hubbard, and add to the already enormous commitments of the Council.

Mr. Horniman (P.) said at first the Committee were very much inclined to recommend that the land should be purchased by the Council, but they found that the Finance Committee had insuperable objections to that course. He would, however, accept the amendment, as the Committee were inclined to carry out the extended improvement.

Mr. W. Davis (P.) said that the Committee were almost equally divided in recommending that the land be dealt with on the lines suggested by the amendment, but, finding that the Finance Committee were against the Council expending £500,000 of the ratepayers' money, they had agreed to recommend the acceptance of the offer of the Syndicate.

After further discussion, the amendment was rejected by a large majority, only 14 voting for it.

A further amendment, moved by Mr. Jefferys (P.) and seconded by Mr. Radford (P.), to refer the whole matter back for further consideration and report, met with a similar fate, only 15 voting for it.

Mr. Johnson (P.) moved another amendment to refer the matter back to the Committee with instructions to report as soon as possible as to the advisability of the Council applying in the next Session of Parliament for a Bill to acquire the land.

Mr. Dolman (P.) seconded the amendment, which was rejected on a show of hands. A division was demanded, which resulted in the amendment being defeated by 54 votes to 28. *

The further consideration of the question was postponed.

On October 31st, 1905, the debate was resumed.

Mr. Straus (P.) moved the addition of a proviso that the acceptance of the offer should not in any way commit the Council to support any application by the Syndicate to Parliament for power to acquire the additional property or prohibit the Council opposing any such application if deemed necessary. **As an advocate of land nationalisation, he could be no party to the acquisition of land by a private body**, which was, moreover, a dangerous precedent.

Mr. Glanville (P.) seconded.

Dr. Napier (P.) opposed the amendment.

Sir Melvill Beachcroft (M.) urged the Council to accept the Syndicate's offer quite unfettered.

Mr. R. A. Robinson (M.) also appealed to the Council to vote for the unqualified acceptance of the proposal, as the Council could very well safeguard itself when the agreement between the Council and the Syndicate was drawn up.

The amendment was rejected by 60 votes to 53.†

* This Division List is set out in *London Municipal Notes* for November, 1905, page 325.

† This Division List is reported in *London Municipal Notes* for November, 1905, page 326.

A further amendment, moved by Sir W. Collins (P.) and seconded by Mr. Sanders (P.), to the effect that the acceptance of the offer should not bind the future action of the Council with regard to the additional land, was carried by 73 votes to 41.

The Report was then adopted.

“Paris in London.” Another Progressive Fiasco.

On February 14th, 1905, the Improvements Committee presented a report upon the offer of a French Syndicate* to pay £55,000 per annum as ground rent for the central portion of the crescent site in the Strand, on which it was proposed to erect a theatre, restaurant and café, and to lay out gardens and a promenade. The committee recommended that an option, to be exercised within six months, be granted for taking up a lease for 99 years on the terms set out.

Mr. Davies (P.), Chairman of the Improvements Committee, in moving the adoption of the recommendation, objected to imputations against the character of applicants for land being made before the Council fully understood the object of the syndicate. The chief opposition to the scheme was based on the fact that a license for a restaurant would have to be granted. The Council ought to look at the matter from a commercial point of view. A large sum of money had been sunk in extinguishing licenses on that improvement.

Mr. G. H. Radford (P.) moved that the report be referred back with instructions to require from the applicants the deposit of a substantial sum.

Mr. Russell Spokes (P.) seconded, and said it was unusual to grant a six months' option. The concession would be hawked round in foreign markets.

* The Syndicate referred to here is a different one to that in the two subsequent debates reported below.

Mr. John Burns, M.P. (P.), was opposed, root and branch, to the scheme. It would be no more like Paris in London than the Italian Exhibition at Earl's Court was like Venice. They did not want another Cremorne Gardens in London. He objected to the best site in London being given up to casinos and theatres. When the buildings of Greece and Rome were the finest, the morals of the people were of the lowest.

Sir William Richmond (P.) said Mr. Burn's speech was inflated and undignified. They should not reject a scheme of this kind simply through insular prejudice. The designs for the buildings were in the hands of a British architect, and the Council would be able to see that the terms of the lease were faithfully carried out.

Colonel Rotton (M.) supported the recommendation.

Sir Melvill Beachcroft (M.) moved the adjournment of the debate in the hope that the scheme might be withdrawn. As business men, they ought to wait until they got offers to cover this land with buildings at rack rents which ought not to be less than three times the amount of the ground rent. On business principles the scheme stood condemned.

The motion to adjourn the debate was seconded and lost.

Mr. Piggott (P.) objected to the scheme. The Council had done much to abolish licenses, and yet in this case proposed to license nearly three acres of land.

Mr. Granville Smith (M.) supported the scheme as being an ideal one for the site in question.

The amendment to refer back was carried by 77 votes to 28.

At the weekly meeting of the Council, held on July 31st 1906, the Improvements Committee recommended that the seal of the Council be affixed to the agreement when ready, for a

lease to the syndicate which has been formed for dealing with the central portion of the crescent site in connection with the Holborn to Strand improvement.

Sir Melvill Beachcroft (M.) moved that the recommendation be referred back. He characterised the proposal as extraordinary. Who are comprised in the syndicate? he asked. Who was going to pay the £55,000 that had to be deposited with the Council? Was the course suggested a dignified one for a body like the Council to adopt?

Mr. Jeffrey (P.) seconded the reference back, giving it as his opinion that the place would be nothing less than a "boozing den."

Mr. Shepherd (P.) said the syndicate's option would go if within ten days the sum of £55,000 was not deposited.

Mr. Hubbard (the Chairman of the Improvements Committee) (P.) said the Committee had taken as much care of the drink question as they possibly could.

The amendment was lost, and the recommendation approved.

At the ordinary meeting of the Council, held on October 16th, 1906,* the Adjourned Report of the Improvements Committee with regard to the Holborn to Strand Improvement, and the letting of the central portion of the crescent site was submitted. This Report recommended—

"That the resolutions of 20th March and 31st July, 1906, with regard to the letting to a Syndicate of the central portion of the crescent site formed in connection with the Holborn to Strand Improvement be rescinded."

Sir R. M. Beachcroft (M.) said:—I do not think we can quite pass this paragraph No. 4 in silence. The Council will

* This debate is reported fully in *London Municipal Notes* for November, 1906, pages 326-334.

remember that something like 18 months ago negotiations were opened with a Syndicate with the object of obtaining a tenant for, or of letting the central site in the Strand area. **We were promised an amount of £55,000 a year. We are now told after months' and months of delay that the Syndicate have failed to keep their promise,** they have not paid their deposit, and the arrangement falls to the ground.

On the 31st July, 1906, we were told that the Syndicate had made their preliminary arrangements, and were prepared to exchange agreements and deposit the £55,000 with the Council in the early part of the following month, namely August, 1906. I was then one of the sceptics. I thought that we should never see the £55,000. Mr. Hubbard said "Oh yes, it is coming." This proceeding has been unbusinesslike from the very beginning, and it ends in a totally disreputable manner. At the last meeting of the Council before the recess there was a very strange report passed without comment—a report which came immediately before the report to which I have just referred—alluding to the claims of a man called Browne, who claims to have an interest in the portion of the land subject to the agreement with the Syndicate. Apparently even had we been able to bring the Syndicate up to the scratch, Mr. Browne was there to stop the way. I have endeavoured in my place, time after time, to obtain from Mr. Hubbard the information as to who formed the Syndicate, and we never could get any satisfactory reply. I hope the Council will bear this in mind as an object lesson, and in their haste to recover some of their lost millions, be careful not to embark on a foolish enterprise in dealing with a Syndicate of whom they know nothing.

Lieut.-Col. A. Rotton (M.) said **eighteen months have been wasted. The rent of this place has during that period been lost,** and it might meantime have been let to some other parties. It was hung up for the benefit of this Syndicate, who, we now find, were either unable or unwilling to carry out this agreement.

Mr. J. Howell Williams (P.) said:—I have some complaint to make of the Improvements Committee with regard to this matter, because I have been told that there was another syndicate ready at the time to take this land, and to deposit a sum of money immediately as earnest money of their *bona fides* at the very time the Improvements Committee were negotiating for this land. In this Council I called the attention of the Chairman of the Improvements Committee to the fact that he was negotiating with somebody who would vanish into thin air. Mr. Hubbard, the Chairman of the Improvements Committee, got up and said: ‘Oh no, we have a substantial man. We are certain that the thing will be carried through.’ Knowing at the time that there was somebody else who would have carried the matter through, it seems to me a great pity that the Committee should have clung to that phantom, which has, in fact, now vanished into thin air, and have lost the substance.

It does seem to me that it is time that this Council should take the position of our unlet land in connection with the Holborn to Strand improvement into serious consideration. **I am told in the City by builders that it is absolutely impossible to do business with this Council**, the moment they approach them it is a matter of condition. I know of a case in which people are prepared to build a block of offices on one of our vacant sites, and **they are met with impossible demands in regard to the ground-rent**. They are asked for a ground-rent equal to a sum which I should not like to pay for a lease of the whole block of buildings.

Mr. N. W. Hubbard (the Chairman of the Improvements Committee) (P.) said—What terrible offence have we committed? We had an application for the land, we did the best we could to carry the matter through. We met, we went through the terms of the agreement, we were told there were persons behind this Syndicate with money, and that the money would be forthcoming. We anticipated that the arrangement would go through, and I am not sure to-day that the arrangement will not be carried through. We were anxious, I am sure you will forgive us, we saw before

us £55,000. The vacant land at present is $13\frac{1}{2}$ acres, or rather the land we took was $13\frac{1}{2}$ acres; 2 acres of that have been used for reinstatement; an acre of that land, also, we have let to the persons whom we had to reinstate. That makes $3\frac{1}{2}$ acres. All that is covered with houses. **We have, at present, $8\frac{1}{2}$ acres to deal with.**

With reference to Mr. Browne, at the time the Council prepared the Bill carrying out the Holborn to Strand Improvement, the premises in Wych Street were unoccupied. They were so described in the reference book which was submitted with the Bill. Beeching, Limited, took a lease of the premises under Indenture of Lease dated 21st November, 1898; the Bill for the improvement passed in 1899. On notice to treat being served in 1900 upon Beechings, they submitted a claim in respect of this leasehold interest as well as for other property. Upon that form of claim they were required to give particulars of any tenancy distinct, and the following is one of the interests given: First floors of both houses, ground floor No. 54, are in the occupation of Charles Augustus G. Browne under Indenture of Lease dated 4th November, 1899, annual rent £200.

As soon as we received the claim, our Solicitor wrote to the solicitors acting for Mr. Beeching, drawing attention to the fact that this lease was granted subsequent to 24th June, 1898, mentioning clause 13 of the Council's Act, which deals with the question of compensation as regards interests in land created after that date. Mr. Beeching replied that the lease was granted in the due course of business. As a result of the negotiations, compensation payable to Mr. Beeching was agreed, and a formal contract exchanged, setting forth the terms of Mr. Browne's lease, 7 years from the 25th December, 1899, expiring at Christmas, 1906. The Valuer at that time gave instructions that no steps should be taken for acquiring the leasehold interest of Mr. Browne, and that, if possible, it should be allowed to run out. **On 5th October, 1900, a letter was sent to the valuer by the solicitor who was investigating Beeching's title, stating that Browne had given six months' notice, and was entitled to have the lease renewed for any**

period up to 12 $\frac{3}{4}$ years at the same rent. On November 2nd, 1900, the Solicitor completed the purchase of both interests, and in a letter of that date to the Valuer advising of the completion, stated that the Council will collect Browne's rent from Michaelmas. This letter was referred to the Valuer's department of the L.C.C., in which the rent registers are kept, and the £200 collected from Browne was entered in the register. The Comptroller in due course was advised of its collection. The Council's power for serving notice to treat in respect of the improvement expired on August 9th, 1904. On the 22nd June, 1904, the Valuer presented to the Improvements Committee a list of interests and properties in respect of which notice had not been served, and, as stated in his report, this list did not include certain interests outstanding and which would lapse shortly after the date mentioned in the Act for the completion of the work, viz., 9th August, 1906. The lease of Mr. Browne was one of those so referred to, **the option mentioned in the solicitor's letter of 5th October, 1900, having been overlooked, the terms being regarded as one that would expire at Christmas, 1906.**

Mr. G. H. Radford, M.P. (P.), said:—I think it will probably serve no useful purpose to refer this recommendation back. The fact is that when you deduct from the speech of the Chairman of the Improvements Committee the written narrative about Beeching, and Browne, and some other people, who have nothing to do with the case, **the Chairman of the Improvements Committee confesses that he and his Committee have been the victims of misplaced confidence.**

That is a humiliating position for the Committee to be in, and it is all the more humiliating because it involves the Council along with the hon. member who occupies the chair. They now ask for leave to rescind the agreement which they have entered into, and I think we cannot do better than let them do it, and, in giving them that facility, let us give them this advice, that in dealing with our land in the future they should avoid being victims of men of straw, and of syndicates, of

which they know nothing, and deal only with well-known, honest, and solid people.

The amendment was then [by leave withdrawn, and the recommendation of the Committee was adopted.

The Fulham L.C.C. "Improvements" Scheme. "A Tragedy of Errors."

The following debate took place in the Council on May 29th, 1906,* regarding the acquisition by the Improvements Committee in connection with the widening of Fulham Palace Road and the High Street, Fulham, of interests in the King's Head public-house, in High Street, Fulham.

Mr. N. W. Hubbard (Chairman of the Improvements Committee) (P.) moved the reception of the report.

Mr. W. Hunt (M.) said :—This strikes me as being a most extraordinary report to emanate from the Improvements Committee. It is a very clear apology to the Council for the very grave error which has been made in connection with this matter. It would appear indeed from the report that the Improvements Committee did not approach this matter in a businesslike spirit. In the first place, they agreed to give the leaseholder of these premises £60,000, without submitting the question to arbitration. I knew the house well which stood upon the site, and I venture to say, without the slightest fear of contradiction, that had it been sent to arbitration, the leaseholder would not have received £60,000 for the property because we see here by the report that the freeholders also had some considerable claim upon the property.

The Improvements Committee neglected to do what would be regarded as the right and safe thing to do,

* This debate is reported in full in *London Municipal Notes* for June, 1906, pages 622-629.

namely, to submit the question to arbitration as regards the freeholder.

We find from the Reports that **the freeholder received £4,000 for one-seventh part of an acre.**

What do we find in the Improvements Committee's Report? They state that it may possibly cost some £10,000 or £12,000 to reinstate the house. The freeholder gets possession of the whole of the remainder of the site; he is given £4,000 by this Council, and consequently has £4,000 towards reinstating the house on the remainder of the land.

What do we find? That he is now in possession of fully licensed premises at a cost of about £8,000. Surely these figures point to a very grave state of things, and indicate that a grave error has been committed in connection with this matter.

I would like to draw your attention to the fact that the Improvements Committee say that had they acquired the whole of the premises, it was estimated that £85,000 would have been the cost. There would have been a very wide difference between £8,000 and the actual cost of the present premises, and the £85,000 estimated by the Improvements Committee. The whole state of the figures in connection with this matter seems to be most unsatisfactory.

Mr. Cyril Cobb (M.) said:—The Chairman of the Committee has wrapped this story up very cleverly, but as one reads through it, I think one can make out one or two points, without an explanation of which this story is hardly intelligible.

Take this question of the objection of Messrs. Charrington to the arrangement which was proposed by the Council in connection with the widening of this road. I should like to know from the Chairman of the Improvements Committee why they were in such a hurry to patch up this deal with Messrs. Charrington; why there was not some attempt made for this

matter to go to arbitration. That is one point upon which I should like further information.

I come further down the report, and I find this expression that the Council had to pay for a personal element of no marketable value to the Council. Now, I should like some explanation of that. Surely, it cannot refer to the question of the licence? The licence for these premises was held by the licensee, and the licence, I take it, is a matter of considerable market value.

Then as to the actual cost of the whole transaction, the estimated cost originally, I believe, was £93,000 odd. I take it that this Council ought to be in a position, with its staff of valuers, &c., to find out for what price any property, licensed or unlicensed, could be purchased.

We find an estimated value of £93,000, and when we came to inquire three or four years later what it has actually cost, it seems to have cost £139,000—a considerable advance on the original estimate. Those are the three main points upon which I should like some further information.

We had a very eloquent speech a fortnight ago from the late Chairman of the Council, in which he endeavoured to show that this Council is by no means an extravagant body, that it is a body which is most careful of the ratepayers' money. When the ratepayers see brought actually under their noses a case of this kind, where one-seventeenth part of an acre is bought for £64,000, that is **at the rate of £1,088,000 per acre**, then I think they can form an opinion themselves as to whether the London County Council is or is not an extravagant body.

Mr. W. W. Bruce (P.) said :—I brought this matter up before the Finance Committee, because it appeared to me to be a matter which wanted putting straight. **The plain English of it is that for one-seventeenth of an acre, we paid £64,000.** We got the leasehold and trade and the licence for

£60,000, and shortly afterwards we found that the freeholder was the owner of the licence, and was able to sell it for about £30,000. The whole thing is very extraordinary. I do not think the report of the Improvements Committee elucidates the matter very much.

It appears to me that when it was found that that little bit of widening, which does not seem to have been absolutely necessary, was going to cost anything like that, the right course for the Improvements Committee would have been to say, "We will have nothing to do with it, we will drop it."

There is always the power in the Improvements Committee to say, "If it is going to cost much, let us drop it altogether, and have nothing to do with it." That is the point I want the Chairman of the Improvements Committee to explain to the Council, why, when he found it was going to be such an extraordinarily bad bargain for the Council he did not drop it altogether.

Mr. T. McKinnon Wood, M.P. (The Leader of the Progressive Party), said:—**I do not think it is at all possible to defend the position in which we have been placed in regard to this particular Public-house.** It seems to have been rather a **tragedy of errors.** I cannot understand how it is the Improvements Committee did not see they had been caught in a trap before they acquired this property.

Mr. J. Jeffery (P.) said:—We are told that we want this piece of land for tramway purposes. Where is your tramway? You have not got any tramway, and are not likely to have any tramway. I venture to say, if you had I would rather have abandoned all the tramways than have yielded to such a monstrous thing as this. It is one of the most disgraceful transactions I have ever seen in my life, and I should think **there is no more disgraceful transaction that has ever been carried out by this Council.**

Lord Welby (the Chairman of the Finance Committee) (P.) said:—The end of the whole transaction is that we paid £64,000

or 1-17th of an acre. That is all we have got out of it. Mr. Hubbard, in answer to objections, says you wanted the land. That is to say, that he justifies whatever amount of money might be asked for this piece of land. If you happened to want it, you are to pay for it. On behalf of the Finance Committee, we, at all events, consider that you can buy too dear. We thought it a great deal too dear in this instance. I venture to think it is the most astounding transaction that ever came before the Council.

Holborn to Strand Improvement.

This scheme has been terribly bungled by the Progressives. Owing to the foolish conditions which they sought to impose on intending lessees, the site, for the most part, has remained vacant. The Progressives' terms were, and are, such that it is impossible to do business with them, and their restrictions have earned for them the title in the City of being "the worst Ground Landlords in London."

Quite apart from the loss involved in this way to the rate-payers, there is the additional loss caused by the land remaining vacant. The Comptroller of the City of Westminster estimates that the loss of rates to the City of Westminster alone, in respect of the Holborn to Strand L.C.C. Improvement, is as follows :—

1900-1	...	...	...	...	£1,439
1901-2	...	...	...	...	10,090
1902-3	...	...	...	...	15,260
1903-4	...	...	...	...	15,297
1904-5	...	...	...	...	13,468
1905-6	...	...	...	...	8,064
1906-7	...	...	...	...	7,480

Total for the seven years = £71,098

In connection with the Millbank Improvement Scheme, the loss of the rates in the four years ending March, 1906, was £6,672.

A business man handling an improvement scheme would make it his care to obtain contracts for new properties before he pulled down the old. That is to say, he would not allow himself to suffer from loss of rent on existing properties before he had entered into arrangements which would diminish the unremunerative period of transition to the shortest possible limits. The Progressive London County Council seem to be absolutely indifferent as to this. They acquire a site, they hasten to demolish all buildings, and then leisurely enter upon negotiations with possible tenants.

Annual Report of the Improvements Committee, 1905-6.

The Improvements Committee in their Report contained in the Annual Report of the Proceedings of the Council for the year ended 31st March, 1906 (page 156), state (*inter alia*):—

“CAPITAL EXPENDITURE.

“The total net capital expenditure sanctioned by the Council during the year ended March 31st, 1906, in respect of street improvements was £50,968.

“The estimated net cost of all the county improvements now being executed by the Council is £5,038,206. This sum is subject to deduction on account of receipts from the levying of an improvement rate or charge upon properties improved in value by particular improvements, but it is not practicable at the present time to estimate the amount which will be obtained by this recoupment. The gross capital outlay in respect of these improvements, without deducting recoupment to be obtained by disposal of surplus lands, is estimated at £10,631,985.

“The contributions promised by the Council during the year ended 31st March, 1906, towards the cost of local improvements, amounted to £37,798.”

Unbusinesslike Methods of the Progressives.

For the rest, the Annual Report of the Improvements Committee for 1905-6 is of interest less for what it actually states than for what it omits to state.

For example, scarcely any mention is made in it of the Holborn to Strand improvement, and, needless to say, the fact

that a site in the very centre of London, extending over several acres, should have remained unbuilt upon for so many years, is not referred to ; nor is the consequent heavy financial loss to the ratepayers throughout London.

It is scarcely necessary to point out that all these annual reports of the various Committees are drawn up from a strictly Progressive standpoint, and everything is portrayed in the light most favourable to the Progressive Party. Needless to say, so ardent a Progressive as Mr. N. W. Hubbard, who is the Chairman of the Improvements Committee, is not likely to allow anything to appear in the Annual Report tending to criticise the actions of the Progressive Party on the L.C.C.

It is exceedingly difficult for a party in a very considerable minority, such as has been the case of late years with the Moderate Party on the L.C.C., to obtain clear evidence in regard to cases of mismanagement by the Progressive Party. Every difficulty is thrown in their way in this regard ; Returns are delayed, and when finally issued, frequently do not vouchsafe the information sought for.

The above instances (*e.g.*, "Paris in London" and "The King's Head," Fulham) sufficiently demonstrate how wholly unbusinesslike, to call them by no worse name, are the methods of the Progressive Party, and how heavy is the financial burden which the ratepayers in London have to bear consequent upon the inaptitude of the Progressives. If it were not a fact, it would be difficult to believe that such cases of mismanagement could arise as that of leaving Mr. Browne in possession of property which practically renders nugatory the value of the central portion of the crescent site in connection with the Holborn to Strand Improvement ; or that a Syndicate whose names the Chairman of the Improvements Committee declined to divulge, should have secured the option of purchasing this valuable site extending over several months without being required to deposit any portion of the purchase money—a safeguard which is always adopted in similar business transactions.

Again, that land should be paid for at the rate of £1,088,000 per acre without troubling to go to arbitration in regard thereto, as in the case of the Fulham "improvement," leaves no further room for surprise that the L.C.C. Steamboat Service when conducted by the Progressive Party should result in a heavy financial loss. This loss will be inevitably repeated on an infinitely larger scale if this party is allowed to retain its majority on the Council, and to embark upon the supply of electricity in and around London, as it is now seeking to do. (This subject is dealt with fully in the Article entitled "The L.C.C. and the Supply of Electricity.")

THE L.C.C. STEAMBOAT SERVICE.

The decisive failure of the Thames Steamboat service established by the London County Council is a splendid object lesson in foolish municipal trading. In the brightness of its first promise as pictured by the Progressive Party it took the fancy of Londoners. In its sorry results it has aroused the righteous wrath of the ratepayer and the well merited condemnation of all common-sense men.

Shortly, the Progressive picture of the glorious benefits to be derived from a municipal fleet of steamboats was this:—

A paying concern ;

A cheap, fast, punctual service.

Progressive Forecasts.

In moving the Report of the Rivers Committee in the London County Council in January, 1902, Mr. (now Sir) E. Cornwall, chairman of the Rivers Committee, said: "The central point was whether the service would yield the necessary £90,000 per annum. He thought it would. Indeed, he believed that a greater success would follow the undertaking than even the most sanguine Councillor anticipated—that, in fact, the undertaking offered startling possibilities of success." —(*Daily News*.)

During the proceedings before the Parliamentary Committee on May 8th, 1903, Mr. Fitzgerald, K.C., representing the

Council, said: "This Bill was not promoted by the County Council with the primary view of making a profit." In answer to a question by the Chairman, Mr. Fitzgerald said that what "he hoped to prove was that *the loss, even if there was a loss at all, would be a very small one, and that the charge on the rates would be so slight as to be absolutely inappreciable.*"

Mr. (now Sir) E. Cornwall, Chairman of the Rivers Committee, gave evidence before this same Committee, and stated in May, 1903; "*The Council felt confident, however, that the service would AT ONCE earn the £98,960.*"—(*Times*, May 9th, 1903.)

The Bill of 1903 was rejected, but was revived in 1904. Before the Parliamentary Committee, Mr. John Burus, M.P., L.C.C., gave evidence on April 18th, 1904. He stated: "There were no sufficient *data* available to justify the Rivers Committee in giving an absolute assurance that the scheme would not involve any charge on the rates. It was possible that there might be a loss, but he did not think it would be a very large one. . . . *He did not think that the loss would be more than £6000 or £7000 a year at the outside.*"—(*Times*, April 19th, 1904.)

The Comptroller of the L.C.C. (Mr. Haward) gave evidence on April 20th, 1904, and stated: "He could not admit that it was very much an open question whether the service would pay," though in cross-examination he said if the L.C.C. lost double what Mr. Hill stated he had lost—£7000—it would work out at a rate of about one-twelfth of a penny only.—(*Times*, April 21st, 1904.)

On the debate on the third reading, Mr. John Burns, M.P., said: "Even if they had a *small* loss on the working of the boats during the first two or three years, they would ultimately derive a profit."

The promise of "a cheap, fast, and punctual service" has not been fulfilled. Cheap it may be, though certainly not to the ratepayer, but neither fast nor punctual has it ever been. Before the institution of the service some twenty thousand

riverside workmen urged that if the service was established they would use it daily. They have failed to fulfil that promise, possibly because of the unpunctuality of the steamers. Widespread complaints have appeared in the Press. The boats have been unable to keep time, and even if they did, they could not hope to compete with the motor 'bus, the electric cars, and electric underground railways that run alongside the river, and provide a quicker and more reliable means of transit.

Results from the Service.

Speaking in the House of Lords on July 9th, 1906, Lord Welby, the Progressive Chairman of the Finance Committee, said :—" I for one certainly should not represent the Steamboat service up to the present time, as a fortunate experiment on the part of the London County Council I cannot say I am hopeful on the subject "

Speaking in the Council on July 31st, 1906, Sir John McDougall, the Progressive Chairman of the Rivers Committee, was obliged to confess to the abject failure of the experiment. On this occasion, he stated :—" I am sorry to say that the boats have not been a success."

Speaking in the Council on July 31st, 1906, Mr. Stuart Sankey (Moderate), thus summed up the condition of affairs in regard to the Steamboat service :—" If we compare those 'startling possibilities,' which Sir Edwin Cornwall and others talked about, with the actualities, we shall show a very distressing state of things. Instead of the estimate of 33 millions of passengers which we were to carry in a year, we find that we are only carrying just over $3\frac{1}{2}$ million passengers, and instead of earning £98,960 a year, which we were going to earn at once, we find that we are practically earning about £30,000 a year—that is to say, the takings are set down in the report before us at £41,315, less damages and sums recoverable—which are not earnings—£11,290, leaving £30,025. Turning to the cost, the cost is roughly, £72,500; the interest and sinking fund added, viz., £19,000, makes £91,500. Deduct-

ing the amount recoverable from the underwriters, a sum of £80,000 remains; and taking away the £30,025—the actual income from the actual cost—there is finally left £50,000, which is, roughly, the annual deficiency we are making. The estimate now being corrected leaves a deficiency of £50,095 16s. 1d. for 1905-6, and the estimate for the present year made and published in the estimates, shows a deficiency of no less than £51,955, **a total loss for the two years of roughly, £102,000.**”

Who is responsible for the Fiasco?

The ruinous failure of the steamboat experiments has now had to be admitted. It is not surprising, therefore, in view of the near approach of the County Council Elections, that Mr. McKinnon Wood, M.P., the leader of the Progressive Party, has endeavoured to shift the burden of responsibility on to the Municipal Reform minority on the Council.

On November 6th, 1906, during the debate at the London County Council, on the supply of electricity Mr. McKinnon Wood, leader of the Progressive Party, asserted that the Moderate Party had been as much responsible as the Progressives for the Council's decision to run a service of steamboats on the Thames. Referring to a speech made by Mr. Robinson, the leader of the Municipal Reform Party, Mr. Wood said: “I put it to my hon. friend that he is more responsible for steamboats than I am. . . . The opposite party never called a division. If they were against steamboats, why did they not call a division? Oh, no, sir! that won't do.”

The early History regarding the Steamboat Undertaking.

The reply of the Municipal Reform Party to this astounding assertion on the part of Mr. McKinnon Wood, M.P., and which he practically repeated in his speech at the Holborn Town

Hall, London, on December 7th, 1906, is that the responsibility, and the entire responsibility, for this Thames Steamboat service rests with the Progressive majority on the L.C.C., and, so far as the Council is concerned, with that party alone.

The facts are briefly these:—That in June, 1902, Mr. (now Sir) E. A. Cornwall (Progressive) brought up a recommendation from the Rivers Committee that the Council should seek for powers to run steamboats on the Thames. Both Mr. Cornwall and Mr. John Burns, M.P. (P.), spoke in favour of this recommendation. Mr. Burns on this occasion expressed the confident belief that the service would prove profitable.

Mr. E. White (M.) moved, and Mr. (now Sir) R. Melvill Beachcroft (M.) seconded, an amendment to refer the report back on the ground of grave financial risk to the rates. Mr. White's amendment was supported by Mr. Emden (M.), and Mr. J. R. Cousins (M.).

No Progressive member is reported as having spoken against the scheme, whilst no Moderate member spoke in favour of it.

The amendment was put to the vote and defeated by the Progressive majority.

On behalf of the Moderate Party, Mr. Stuart Sankey (M.) then moved, and Mr. F. P. Alliston (M.) seconded, another amendment to the effect that the piers and landing stages should be let to an approved company or other body at a rent.

This amendment was also put to the vote and lost; and it was decided to seek for Parliamentary powers.

A year later, namely, on July 21st, 1903, a similar recommendation was submitted to the Council by Mr. Gilbert (P.), the then Chairman of the Rivers Committee.

The probable receipts were then estimated by the Progressives as likely to "be equal to, or at any rate approaching the sum of £98,960."

Mr. J. Ratcliffe Cousins (M.) again opposed the recommendation, expressing doubt whether the Council, under the conditions of the scheme, could make a river service in London pay.

But, in spite of this renewed warning, the recommendation of the Committee was adopted; the Bill was promoted and passed through Parliament; and the Steamboat service was established.

This brief history shows clearly enough what was the attitude of the two parties on the Council when the decision to establish the Steamboat service was arrived at. If further proof be needed to expose the futility of Mr. McKinnon Wood's disingenuous attempt to evade responsibility, on behalf of the Progressive Party, ample material is forthcoming in the Election Addresses issued by the Progressives at the time of the 1904 L.C.C. Election.

Mr. (now Sir) J. W. Benn and Mr. S. Collins, Progressives, stated in their Election Addresses (1904):—"We regard it as a disgrace to London that our beautiful river should be without **A People's Steamboat Service**, and we ask to be sent back to Spring Gardens to **support the Progressive Bill** which is to be again introduced." Other Progressives used similar words.

Mr. A. Pomeroy and Mr. Glanville, the Progressive Members for Rotherhithe, stated in 1904:—"It was the **friends of the Moderates** in Parliament who threw out the L.C.C.'s Steamboat Bill . . . **The Moderates** and their friends **had constantly opposed** the Steamboats' Bill." As late as October, 1905, the Progressive Candidate for Fulham at an L.C.C. bye-election in his Address said:—"The latest triumph of the **Progressive policy** has been to place steamboats on the Thames." (Mr. H. Spender's Election Address.)

* This was in their Election Address.

Progressive Election Addresses, March, 1904.

A municipal steamboat service was advocated in the Election Addresses of the following (among other) Progressives, who were elected to the Council in March, 1904 :—

BERMONDSEY ...	{ Allen, A. A. Cooper, G. J.	MILE END ...	{ Straus, B. S. Warren, G. J.
CHELSEA ...	{ Horniman, E. J. Jeffery, J.	NEWINGTON, W.	{ Gilbert, J. D. Piggott, J.
HACKNEY, S. ...	{ Browne, E. Smith, A.	POPLAR ...	{ Crooks, W. McDougall, J.
ISLINGTON, W.	{ Goodman, W. P. Radford, G. H.	ROTHERHITHE	{ Glanville, H. J. Pomeroy, A.
KENNINGTON ...	{ Benn, J. W. Collins, S.	ST. GEORGE'S IN THE EAST	{ Smith, J.
LAMBETH, N....	Wightman, W.	STEPNEY ...	Steadman, W. C.

A municipal steamboat service was not advocated in the election address of any of the Moderates who were elected to the Council in 1904.

It is interesting to note that the "Facts and Arguments" published by the London Municipal Society at the time of the last L.C.C. elections (March, 1904) contained the following statement on this subject (pages 123 and 124) :—

"It is doubtful whether a steamboat service could be carried on by the Council itself without a loss to the ratepayers. On the 31st of July, 1900, the Council resolved to apply to Parliament for power to acquire and work the piers and landing stages, and to purchase and run a fleet of steamers of much superior design, capacity and speed, to those then on the river. The Bill was, however, thrown out by the Parliamentary Committee, presumably because its financial basis was not considered sound.

"There is no doubt that the venture must be highly speculative. On the scheme presented a revenue of something like £140,000 per annum would be required to cover expenses, pay interest on capital, and provide a sinking fund. To earn such a sum, something like 33 or 34 million passengers per annum would have to be carried at average fares of 1d. That is, each of the 40 boats of the proposed fleet would be

required to carry daily *throughout the year* between 2000 and 3000 passengers. Considering that the river service, at any rate above London Bridge, would be almost limited to the summer months, it is very doubtful whether there could possibly be anything like this opening for traffic. The Rivers Committee have prepared another Steamboats Bill for the session of 1904, with the capital expenditure somewhat reduced, and arrangements made for allowing through tickets between the steamers and the tramways. But the enterprise, considering all the conditions and the climatic disadvantages of London, can hardly be regarded as safe enough to be undertaken by a heavily burdened municipal body, unless it is really demonstrated that it will not be attempted by private agency.

“ At any rate, the inadequate piers and landing stages, and their insufficient approaches, should be thrown open and improved, and several new piers established. If this were done, it is still possible that private enterprise might provide an efficient fleet of passenger steamers, under arrangement with the Council, and manage them more economically than a public body, which is entirely inexperienced in the conduct of an enterprise of this kind, and which has its hands full of other matters. Municipal control could be claimed for the steamers in return for landing facilities, etc., and there would, of course, be a maximum schedule of rates; but actual municipal management of the fleet would be better avoided, unless there is no other alternative.”

The above prophecies have certainly been strikingly fulfilled during the past two years, whilst the above to a large extent sets forth the past policy of the Moderate Party on this subject.

Later History regarding the Steamboat Undertaking.

So far as the later attitude of the two parties in regard to the Steamboats is concerned, it is only necessary to refer to the following debates in the Council:—

On November 7th, 1905, the Rivers Committee presented a report upon the arrangements for the winter months. After stating that the estimated working expenses to March 31st, 1906, were £88,935, and that that amount would be reduced by £4760, if their recommendation of a reduced service were adopted, the report stated that the receipts to November 5th, 1905, were £27,538, and that the total receipts were estimated

to reach £30,538 (according to the Comptroller's estimate), or £31,738 (according to the Chief Engineer's figures).

"If the service were suspended for 21 weeks until the end of March, 1906, the saving of expenditure . . . would be about £12,000. From this must be deducted the amount which the service, if continued, would yield in traffic receipts," either £3000 or £4000.

The report urged that experience of one year's complete service should be obtained before any decision as to suspending the service during the winter; that there was a demand for a regular and continuous service, and **that the Committee was strongly and unanimously of opinion that the service should be continued during the winter months.**

To this, Mr. Stuart Sankey (Moderate) moved the following amendment, viz. :—That "the recommendation be referred back to the Committee with instructions to discontinue the Council's Steamboat service during the winter months as soon as possible."

The Council divided on this Amendment, and there voted.

For the Amendment, 49.

Bailey, W. (M)	Granville-Smith, R. W. ... (M)
Barnes, E. "	Greenwood, H. J. "
Beachcroft, Sir R. Melvill "	Hanhart, N. "
Bell, Sir William J. "	Harris, H. P. "
Brandon, Jocelyn "	Hubbard, N. W. (P)
Brooke-Hitching, Sir Thomas H. "	Jephson, H. "
Buxton, A. F. "	Lancaster, W. J. (M)
Clarke, C. Goddard (P)	Mowatt, Sir Francis (P)
Cleland, J. W. "	Napier, T. B. "
Cobb, C. S. (M)	Piggott, John "
Collins, E. "	Radford, G. H. "
Dolman, F. (P)	Rotton, Lt.-Col. A. (M)
Elcho, Lord (M)	Sandhurst, Lord (P)
Gaskell, T. P. "	Sankey, Stuart (<i>Teller</i>) ... (M)
Gastrell, Major W. Houghton "	Sharp, L. (P)
Gantrey, T. (P)	Shepherd, A. J. "
Goldsmith, F. (M)	Shrubsail, G. "
Goodman W. (P)	Stanley, Hon. Arthur "
Goodrich, A. O. (M)	Sturge, C. Y. (M)

Swinton, Capt. G. S. C.	...	(M)	Welby, Lord	...	...	(P)
Taylor, John T.	...	„	West, Right Hon. Sir Algernon			
Thompson, W. W.	...	„	E.	...	...	„
Torrance, A. M.	...	(P)	White, E. (<i>Teller</i>)	...	...	(M)
Ward, H.	...	„	Williams, Howell J.	...	...	(P)
Waterlow, D. S.	...	„	Wood, T. McKinnon	...	...	„

Against the Amendment, 57.

Allen, A. A.	...	(P)	Johnson, W. C.	...	...	(P)
Baker, J. A.	...	„	Lampard, G.	...	...	„
Bayley, E.	...	„	Leon, A. L.	...	...	„
Beaton, Dr. R. M.	...	„	Lewis, J.	...	...	„
Bliss, Sir Henry W.	...	(M)	McDougall, Sir John	...	...	„
Bowerman, C. W.	...	(P)	Mitchell, Isaac	...	...	„
Branch, J.	...	„	Mullins, W. E.	...	...	„
Bray, R.	...	„	Parkinson, W. C.	...	...	„
Burns, J.	...	„	Phillimore, R. C.	...	...	„
Chambers, F.	...	„	Pomeroy, Ambrose	...	...	„
Collins, S.	...	„	Pope, W.	...	...	„
Collins, Sir William J.	...	„	Russell, Arthur B.	...	...	„
Colville, Lt.-Col. C. F.	...	(M)	Sanders, W. S.	...	...	„
Cooper, B.	...	(P)	Sears, J. E.	...	...	„
Cooper, G. J.	...	„	Smith, Edward	...	...	„
Crooks, W.	...	„	Smith, J.	...	...	„
Davies, T.	...	„	Spicer, Evan (V.C.)	...	...	„
Davies, W.	...	„	Steadman, W. C. (<i>Teller</i>)	...	...	„
Dew, G.	...	„	Straus, B. S.	...	...	„
Gilbert, J. D. (<i>Teller</i>)	...	„	Strong, R.	...	...	„
Glanville, H. J.	...	„	Stuart, J.	...	...	„
Gordon, H. H....	...	„	Taylor, H. R.	...	...	„
Gosling, H.	...	„	Thomas, A. A....	...	...	„
Harvey, T. E.	...	„	Verney, F. W.	...	...	„
Hemphill, Capt. F.	...	„	Wallas, G.	...	...	„
Horniman, E. J.	...	„	Webb, Sydney	...	...	„
Hunter, T.	...	„	Wightman, W.	...	...	„
Jackson, R. S....	...	„	Wiles, T.	...	...	„
Jeffery, J.	...	„				

On December 5th, 1905, Lord Elcho (M.) moved an amendment that the recommendation of the Rivers Committee as to a modified service be referred back with instructions to make arrangements for discontinuing forthwith the winter service. The Council divided on this Amendment, and there voted :—

For the Amendment, 41.

Alliston, F. P.	(M)	Hubbard, N. W.	(P)
Barnes, E.	"	Hunt, W.	(M)
Beachcroft, Sir R. Melvill	"	Jeptson, H.	(P)
Brandon, J.	"	Lancaster, W. J.	(M)
Brooke-Hitching, Sir T. H.	"	Leigh, Lord	"
Buxton, A. F.	"	Ludlow, Lord	"
Cleland, J. W.	(P)	Monkswell, Lord	(P)
Cobb, C. S.	(M)	Napier, T. B.	"
Collins, E.	"	Radford, G. H.	"
Dolman, F.	(P)	Rotton, Lieut.-Col. A.	(M)
Elcho, Lord (<i>Teller</i>)	(M)	Shrubsall, G.	(P)
Forman, E. B.	"	Sturge, C. Y.	(M)
Gaskell, T. P. (<i>Teller</i>)	"	Taylor, J. T.	"
Gautrey, T.	(P)	Thompson, W. W.	"
Goldsmith, F.	(M)	Torrance, A. M.	(P)
Goodman, W.	(P)	Ward, H.	"
Goodrich, A. O.	(M)	Welby, Lord	"
Grauville-Smith, R. W.	"	West, Right Hon. Sir Algernon	
Greenwood, H. J.	"	E.	"
Hardy, G. A.	(P)	White, E.	(M)
Harris, H. P.	(M)	Wood, T. McKinnon	(P)

Against the Amendment, 60.

Allen, A. A.	(P)	Glanville, H. J.	(P)
Bawn, W. B.	"	Gordon, H. H.	"
Bayley, E.	"	Gosling, H.	"
Beaton, Dr. R. M.	"	Harvey, T. E.	"
Benn, J. W.	"	Hemphill, Captain F.	"
Bliss, Sir H. W.	(M)	Horniman, E. J.	"
Bowerman, C. W.	(P)	Hunter, T.	"
Bray, R.	"	Jackson, R. S.	"
Browne, E.	"	Jeffery, J.	"
Bruce, W. W.	"	Johnson, W. C.	"
Burns, J.	"	Jones, Rev. L. J.	"
Chambers, F.	"	Lampard, G.	"
Collins, S.	"	Leon, A. L.	"
Collins, Sir W. J.	"	Lewis, J.	"
Colville, Lieut.-Col. C. F.	(M)	McDougall, Sir J.	"
Cooper, B.	(P)	Mullins, W. E.	"
Cooper, G. J.	"	Parkinson, W. C.	"
Crooks, W.	"	Phillimore, R. C.	"
Davies, T.	"	Pomeroy, A.	"
Davies, W.	"	Pope, W.	"
Dew, G.	"	Russell, Arthur B.	"
Gilbert, J. D. (<i>Teller</i>)	"	Sanders, W. S.	"

Sandhurst, Lord	...	...	(P)	Strong, R.	...	...	...	(P)
Sears, J. E.	...	...	„	Taylor, H. R.	...	...	...	„
Sharp, L.	...	...	„	Thomas, A. A.	...	...	...	„
Smith, Alfred	...	...	„	Verney, F. W.	...	...	...	„
Smith, Edward	...	...	„	Wallas, G.	...	...	...	„
Smith, J.	...	...	„	Warmington, F. W.	...	...	...	„
Stanley, Hon. A.	...	...	„	Warren, G. J.	...	...	...	„
Steadman, W. C. (<i>Teller</i>)	...	„		Wiles, T.	...	...	...	„
Straus, B. S.	...	...	„			

The amendment was accordingly declared to be lost.

At the meeting of the Council held on July 31st, 1906, on the reception of the report of the Rivers Committee with reference to the suspension of the Steamboat Service, recommending—

“That the Council’s service of steamboats be suspended on October 2nd, 1906, and that the Rivers Committee be authorised to make the necessary arrangements for laying up the boats and to discharge such of the staff as are not required during the forthcoming winter.”

Mr. Stuart Sankey (M.) moved the following amendment:—

“That the Council’s steamboat service be suspended on 2nd October, 1906, and that the Rivers Committee be authorised to make the necessary arrangements for laying up the boats and to discharge such of the staff as are not required to act as caretakers.

“And that it be an instruction to the Committee to consider and re port to the Council at an early date after the recess as to whether the Council should not discontinue altogether the direct management of the service, and as to what arrangements might be made for disposing of or leasing the boats, piers and plant generally to the best advantage of the Council, while retaining some control as to facilities to the public and as to the fares and tolls payable by them.”

The amendment was put to the vote, and, the Council having divided, there appeared—

For the Amendment, 21.

Anstruther, H. T.	...	...	(M)	Colville, Lt.-Col. C. F.	...	...	(M)
Bailey, W.	...	...	„	Gaskell, T. P.	...	...	„
Barnes, E.	...	...	„	Granville-Smith, R. W.	...	...	„
Brooke-Hitching, Sir Thomas H.	...	...	„	Greenwood, H. J.	...	...	„
Cobb, C. S.	...	...	„	Harben, H. A.	...	...	„
Collins, E.	...	...	„	Hunt, W.	...	...	„

Lancaster, W. J.	...	..	(M)	Swinton, Capt. G. S. C.	...	(M)
Probyn, Lieut.-Col. C.	...	..	„	Taylor, John T. (<i>Teller</i>)	...	„
Robinson, R. A.	..	...	„	Thompson, W. W.	...	„
Sankey, Stuart (<i>Teller</i>)	...	..	„	Williams, Jabez	...	„
Sturge, C. Y.	...	...	„	

Against the Amendment, 38.

Beaton, Dr. R. M.	...	...	(P)	McDougall, Sir John (<i>Teller</i>)	(P)
Briant, F.	...	...	„	Monkswell, Lord	...
Bruce, W. W.	...	...	„	Mullins, W. E.	...
Davies, W.	...	...	„	Pope, W.	...
Dawes, J. A.	...	...	„	Russell, Arthur B.	...
Dolman, F.	...	...	„	Salter, Dr. A.	...
Gautry, T.	...	...	„	Sanders, W. S.	...
Gilbert, J. D.	...	...	„	Sharp, L.	...
Gordon, H. H.	...	...	„	Shepherd, A. J.	...
Gosling, H.	...	...	„	Shrubsall, G.	...
Hardy, G. A.	...	...	„	Smith, Edward	...
Harvey, T. E.	...	...	„	Thomas, A. A.	...
Hemphill, Capt.	The	Hon.	„	Wallas, G.	...
Fitzroy	...	...	„	Ward, H.	...
Hubbard, N. W.	...	...	„	Warmington, F. W.	...
Hunter, T.	...	...	„	Webb, Sidney	...
Jeffery, J.	...	...	„	Welby, Lord	...
Jephson, H.	...	...	„	West, Right Hon.	Sir
Jesson, C.	...	...	„	Algernon E.	...
Johnson, W. C.	...	...	„	Yates, W. B. (<i>Teller</i>)	...

The amendment was accordingly declared lost, and the recommendation of the Rivers Committee was then agreed to.

The Progressives and the Steamboat Employees.

At the meeting of the Council on October 16th, 1906, some striking charges were brought against the Progressive Chairman of the Rivers Committee, Sir John McDougall, in regard to the treatment of the men employed in connection with the L.C.C. Steamboat service.

Mr. H. Gosling, Progressive member for St. George's-in-the-East, in the course of his speech, said: * "... The men

* NOTE.—For a full report of this debate, cf. *London Municipal Notes*, December, 1906, pages 452—461.

find they get no rest at all in a week of seven days, and consequently prefer a 24 hours' shift to a 12 hours', as this enables them to get Sunday free. What I want to point out to Sir John McDougall is that one section work without any relief during the whole of the week, and that another section of the men work with relief, and the reason the men are having relief is because the Thames Conservancy would not trust this Council, and make a stipulation that they should only work six days a week, and our men have been forced into the position of working a 24 hours' shift in order to get a Sunday at home. Last week I asked Sir John McDougall to enquire into it, and he said 'Yes,' but the thing has been going on since just the same. There has been no Committee meeting, we cannot get before the Committee, and we hear that the men are being treated shamefully. . . .

"I want, if possible, to put before the Council one or two facts in regard to this report. It is generally known that the Council agreed with the men that the question of their employment should go to arbitration. The Council went away for its holidays, leaving behind instructions to its men that if they applied for arbitration the matter should be allowed to go to arbitration with the Council. The award was issued, and there were those who read it who claimed that the award meant a certain thing, and the men were called together and were told by their representatives what in their opinion the award meant. It turned out a few days after the recess that the men were advised that the first interpretation was not the right interpretation. The men in consequence decided to ask the arbitrators which of the two parties were right in their interpretation. I have been told since the Council re-assembled that what the men did was *ultra vires*. What they should have done was to have waited until the Rivers Committee came back from their holidays, and have asked them to reconsider the award. You must remember that the men had gone to the arbitrators, and got the award, and wanted the money the award gave to them. What the Council did was this. It had an award that even with the interpretation the men put upon the case acted in two ways. There are some decided advantages to the Council

from the award, and there are some decided advantages to the men.

“What the Council did was to deduct from the men’s wages all that they were entitled to for themselves, whilst, at the same time, they refused to add what the men were entitled to. I am going to prove every word I say. Sir John McDougall says nothing but that he is a peaceable man, and yet he won’t have a Committee meeting, and won’t put the thing right. I am here to protest on the part of the men at the shameful way in which they have been treated. I am obliged to use that kind of language, because it has now become a scandal, and is talked about all over as the worst treatment the men could have received. The men went to arbitration, and did not come out on strike. When told that they could no longer do a ten-hour day, they said they would accept arbitration. I advised them not to come out on strike for a ten-hour day, and in the interests both of the Council and of the men I thought it was the proper thing to advise them to go to arbitration. They did so. A letter was written explaining the position taken by this Council, but the permission was refused to go to the arbitrator for the interpretation of the two clauses still in dispute. We never had any quarrel with the award; we took the award because we had bound ourselves to accept it; but what we say is that we are entitled to have an explanation of what the arbitrator decided. There was a difference of opinion about that, and until the very last moment the arbitrators tried to persuade the representatives of this Council to agree to an interpretation, and the Council would not, and so the arbitrators gave them an interpretation. That interpretation the men again read as being in favour of their contention. I understand that the Council’s representatives again say that that interpretation does not mean what the men think it does.

“We are now in this difficulty: it seems to me that one side cannot understand the award, and under these circumstances I should have thought the Council would have said at once, ‘Let

us go to the arbitrators, and as we cannot understand their written award, let us hear what they have got to say.'

"The two points in dispute are these. The arbitrators give the men, according to what we say, time and a half for Sundays, and an amount plus the time and a half. The Council says that the arbitrator gives the men single time on Sunday plus an extra amount. That is a perfectly clear issue.

"The next question is that the men are to be paid under sections, there being the Greenwich Section and the Chelsea Section of men. Chelsea men taken on at Greenwich are to be paid for getting back to Chelsea from Greenwich; and the Greenwich men who finish off at Chelsea are to be paid for getting home from Chelsea. That is a perfectly clear thing. What the Council says is, if you belong to Greenwich and you finish at Chelsea to-night, you shall be paid for going home from Chelsea, but if you go back to join your boat to-morrow morning at Chelsea and finish at Chelsea to-morrow night, you belong to a Chelsea boat and are not to be paid. Are the men to have their furniture on their back wherever their boat finishes? It is most ridiculous. We want a commercial definition of a commercial undertaking. With regard to the arbitrators, there were three gentlemen who were chosen by the Chamber of Commerce. Surely they know how to choose arbitrators? They unanimously agreed on this important issue. I have never yet on behalf of the men set up our interpretation as against the Council's. All we say is, Which is right, we want to know? Last week I found for the first time that the Council now dispute the interpretation. . . . Under all these circumstances, remembering that you have discharged the men to whom you said you were going to give employment all the year round, it does seem a shame that the men should be waiting for their wages since August 2nd, and have not yet got them.

"With regard to the question of travelling time the men are in this difficulty, that the log books are in the Council's possession, and those log books are the only means by which

they can ascertain what they are entitled to for travelling. Sir John McDougall tells me that these men are not entitled to anything more than they have had, and we cannot prove our case without the log books. We wrote a letter a fortnight ago to the Chairman of the Rivers Committee, asking if the Council will strike an average, and pay the men what they should have. I say there can be nothing fairer than that. The Council can strike its own average, and we will trust them for that. It is not a matter of a few pence for the men who have been discharged, and for those who have been transferred to other services, for they are entitled to at least eight half days' pay. There is also a considerable amount due to the men for travelling time. What I want the Council to do is to go to the arbitrators and ask them what they mean. If the men are wrong you will hear no more from them about these matters, all we want is to arrive at what the arbitrators mean. . . . "

Mr. I. Mitchell, Progressive Alderman, said :— . . .
 "I would just draw the attention of this Council to the exigencies of the boat service which have made it necessary for them to discharge a large number of men to whom they had held out strong inducements to enter their service. Some of the men came up from Newcastle to enter the Council's service on the express inducement that they were to have employment from the Rivers Committee permanently. First of all these men are deprived of the advantages of the Benevolent and Orphan Fund, and they raised no objection to that, and now quite recently they have been deprived of the advantage of permanent employment.

"Seeing that the Council were obliged to treat their servants in this way, one would have thought that they would have been generous in the interpretation of this award. They have not only not been generous, but they have not been just. . . . "

Mr. A. Pomeroy, Progressive Member for Rotherhithe, on the same occasion read a letter which he had received from one of the men, in which the writer said :—" I have been reduced from the master of a steamer to the master of a pier, and my wages have been reduced from £2 10s. to £1 10s. a week, which

is a very considerable item with much sickness in my family. I did think the London County Council would have appreciated my services in a much better way, considering the good service I tried to render them as master, and at the present time I have to be on duty 72 hours one week and 96 hours the next week, making the time equal to seven days a week, which, I believe, is not the general terms of employment by the London County Council."

In face of the above facts, the right of the Progressives to pose as model employers of labour, to which London is invariably treated at the time of L.C.C. Elections, stands refuted on the statements of members of their own party.

Thames Steamboat Accounts, 1905-6.

The Rivers Committee, in their report for 16th and 23rd July, 1906, set out the accounts for the year ended March 31st, 1906, in connection with the steamboat service. "The accounts show," states the report, "that the net capital expenditure during the year was £236,612 11s. 5d. The aggregate net expenditure on capital account to 31st March, 1906, was £293,136 6s. 2d., of which £214,287 8s. 4d. was in respect of boats, coal hulks and moorings, and £78,848 17s. 10d. in respect of piers. The total expenditure on Revenue account during the year, including debt charges and interest on purchase-money of piers was £91,411 8s. 8d. The receipts amounted to £41,315 12s. 7d., leaving a deficiency of £50,095 16s. 1d., as compared with an estimated deficiency of £51,205 reported by us on 23rd January, 1906."—(L.C.C. Agenda for July 31st. 1906, page 202.)

NOTE.—Between June, 1905, and March, 1906, the highest weekly receipts from the Thames Steamboat service amounted to £2010—(*i.e.*, for the week ending July 8th, 1905). During the same period, the lowest weekly receipts amounted to £27 : 9s. 5d. —(*i.e.*, for the week ending December 16th, 1905).

As the annual report for the year ending March 31st, 1906, shows, if the Thames Steamboat service is to be rendered self-supporting, it is necessary to earn a weekly average of practically £2000.

Steamboat Estimates for the year, 1906-7.

On May 8th, 1906, Lord Welby, Chairman of the Finance Committee, in presenting the estimates of receipts and expenses for the financial year, 1906-7, said:—

“Dealing with steamboats first, I am sure it will be the wish of all parties in the Council to be fair.

“It will be admitted that we have had the boats running between nine and ten months only, and it may be said that during that period there was hardly time to test the full capacity of the service. Results show that the Finance Committee were entirely justified last year when they declined to put any estimate of revenue before the Council.

	£
The revenue received in the broken year amounted to	28,150
The expenditure, including £18,600 debt charges, amounted approximately to...	79,355
Deficit defrayed from rates	51,205
The revenue of the year 1906-7 is estimated at	39,500
The expenditure, including £19,470 for debt charges at	91,455
Estimated deficit to be charged on rates	51,955

“The expenditure includes a charge of £12,683 consequent on the Council taking over the piers. The Thames Conservancy used to pay £3260 net a year for the maintenance of 17 piers. The Council maintains 26 piers, including the 17 Conservancy piers, at a cost of £12,683, against which we can only set £2000 to be received from tolls, reducing the net charge to £10,683. On an average each pier cost the Conservancy £191, whilst each pier costs the Council £411, including annual charges for acquisition and improvement in certain cases. Very possibly there are reasons for such a difference, to which, however, I think it is the duty of the Finance Committee to call attention.

“This year should form a fair time for experiment. I am sure we must all join in the hope that the arrangement which has been made with Mr. Hills will be conducive to economy, and we have such confidence in Sir John McDougall that we hope economies may be effected

by the chairman of the Rivers Committee. The total capital expenditure on the service is estimated to amount to £304,836; the sum authorised by Parliament is £280,000; and the actual debt to 31st March may be taken as £293,000."

The Cost of Incompetence.

The Shipping World, of June 6th, 1906, in its article on "Marine Insurance," stated:—"The insurance of the London County Council's river fleet has been renewed for this year on terms which are a considerable advance on those paid last year. Considering the number of accidents to the fleet during the past season, the rate for the renewal is not excessive. The fleet consists of 30 steamers, valued at £6000 each, and **the rate paid last year was 35s. per cent., this year the rate is 80s. per cent.** Underwriters cover particular average, together with the full collision clause, and include protection and indemnity risks, together with loss of life. Last year the total premium was only a trifle over £2800, and the claims were several times this amount."

Amongst other illustrations of the way in which the Progressives have mismanaged this service may be mentioned that according to the *Morning Advertiser* of May 1st, 1906, after the service was started, it was found that there were no coal hulks. A firm of shipbrokers was hurriedly commissioned to buy two boats for use as coal hulks at £550 each, with 5 per cent. commission and fees for inspection in addition. One boat was brought round from the Mersey to the Thames at a cost of £170; the machinery in both hulks was sold for £213 as "scrap," and it cost £800 more to fit out the boats to hold coal.

At Newcastle-on-Tyne, on 16th March, 1906, Mr. Archibald Hogg read a paper on the London County Council steamers to the North-East Coast Institution of Shipbuilders and Engineers. "The conditions laid down by the Council, who clearly ought to have taken outside expert advice, verged (he said) on the impossible. The steamers were designed with too great a speed on the specified length of vessel and draught of water, and were consequently, almost as uneconomical as it was possible to make them."

Progressive Statements considered.

Undoubtedly the Progressives will, for the most part, take up the position that, even if the L.C.C. Steamboat service has proved a failure, the amount is relatively small and of comparative insignificance to the London Ratepayer.

There is little justification for this attitude towards this question; for, as stated by the Marquis of Lansdowne in the House of Lords, when dealing with this subject, on July 9th, 1906:—"Surely £51,000 a year, **representing the interest upon, I suppose, over a million of money**, is not a piece of extravagance to which we can be absolutely indifferent."

Take again a concrete instance. Consumption is a scourge which affects practically every family, and more especially the industrial and poorer classes, who are particularly ill-provided with the means of combating this fearful disease.

How to diminish the spread of consumption, more particularly in the large centres of population, is, in fact, becoming a grave national problem.

How much might have been done in this direction with an annual expenditure of £52,000, instead of the sum being uselessly wasted in connection with the Steamboat service.

£52,000 a year would go a long way towards providing, for example, a municipal sanatorium for London.

Further, up to the present time, at least approximately one-third (30 per cent.) of the whole capital embarked in this undertaking has been completely lost.

Their failure in this respect, however, seems in no way to have taught the Progressives a lesson in discretion. At the present time they propose embarking upon a fresh form of Municipal trading (*i.e.*, the supply of Electricity in bulk) on an infinitely larger and more extensive scale. They have, as proved above, signally failed in successfully carrying out a relatively simple and small commercial undertaking.

Such being the case, what reason is there for one moment to suppose that success will crown their endeavours in an infinitely more hazardous, more complicated, and more extensive undertaking, involving as it does capital expenditure to an amount many times greater than that involved in the Steamboat undertaking?

It is the duty of the Municipal Reform Party to put clearly before the ratepayers of London, the utter failure which has attended Progressive administration in regard to the steamboats; and to prove how hopelessly incompetent those self-confident individuals are to successfully carry out complicated business undertakings, and how urgently necessary it is, unless London is to be reduced to a financial climax of the utmost gravity, that the power of embarking upon municipal trading generally should be taken out of the hands of the Progressive Party.

To effectually accomplish this there is only one way, and that is to secure for the Municipal Reform Party, at the next election, a strong majority on the County Council such as shall be capable of curbing the fatuous ambition of the Progressive Party in regard to municipal trading of all kinds.

Verily, the term "Revenue Producing Undertakings," when used in connection with the L.C.C. Steamboat service, must appear strangely ironical to all save a Progressive County Councillor!

The latest Progressive Move.

Speaking in the Council on October 16th, 1906, Sir John McDougall, the Progressive Chairman of the Rivers Committee, said:—

"I am extremely sorry that this boat service should not be utilised and should not be required. **I should be prepared to run the boats free if it were possible that they would be used by persons in the winter.** Under the circumstances we can only suggest that they should be stopped."

The L.C.C. and the Supply of Electricity.

NOTE.—An interesting account of how Municipal opposition has throughout handicapped the electrical industry in England is contained in the address by Mr. Dixon Henry Davies, entitled “English Local Government,” pages 4-10, republished (by permission) by the London Municipal Society.

At a Meeting of the London County Council, held on November 7th, 1906, a series of recommendations made by the Highways Committee in favour of legislation next Session to enable the London County Council to supply electrical energy in London and certain surrounding districts, were carried by the Progressive majority against the opposition of the Municipal Reformers.

Unless, therefore, a complete change is made in the composition of the Council at the election in March next (1907), all the machinery of the Council, all the resources of the rates, will be employed, next session, to obtain Parliamentary sanction for a Bill, which, if carried, will have these results.

The L.C.C. would be empowered to become the sole purveyor of electricity in bulk, and for power, not only over the area of

its own County, but also over an area outside its limits, of as great an extent again—in all 451 square miles. For this purpose it would have jurisdiction over wide suburban and rural districts in all the home counties. Its powers would be predominant over the great County Boroughs of Croydon and West Ham, and over independent Towns such as Kingston, Richmond and Wimbledon. It might over-ride and supplant 75 existing electrical authorities, and become the paramount electrical authority for a population of no less than 7,000,000.

By the provisions of the Bill, and according to the estimates of the Highways Committee, which are not likely to be exaggerated, this scheme will necessarily involve the Council in this initial expenditure. The proposed new generating station, it is computed, will cost £1,400,000. The system of transmission and distribution will cost £2,650,000, to which should be added the sum of £200,000 for interest on capital during construction. Yet this is but the introductory outlay. By the Bill and as an integral part of the policy which it embodies, the Council will acquire compulsorily, within five years from the passing of the Bill the undertakings of the Borough Councils within its area. In the County of London alone there are now 15 Borough Councils supplying electricity, with a capital of £5,000,000. It would be further empowered to acquire the undertakings of the companies compulsorily at the times when the Borough Councils, under previous legislation, would have the option of buying them. Of such companies there are now 13 in the County of London, with a capital of £15,000,000. To these sums must be added the expenditure which would be further involved in the acquisition of the electrical businesses of all sorts in the huge area outside the County of London.

It is indeed fortunate that before Parliamentary sanction can be given to this gigantic speculation in municipal trading, the electors of London will have the opportunity of giving an express judgment upon it. No candidate for election on March 2nd next can be allowed to avoid giving a distinct and explicit pledge that he will either support, or oppose, the further prosecution of this scheme. This must be one of the leading

issues of the election. That the electors may trace the steps by which the Progressive Party have been led to adopt this ambitious and most reckless policy, and may gauge the extent of the risks which are inseparable from it, and the grave administrative and economical objections to which it is open, we now set out the following facts and arguments :—

The necessity for some statutory regulations for the supply of the then new means of lighting, electricity, became apparent in the eighties, and the first general Acts dealing with it were passed in 1882 and 1888, viz. : the Electric Lighting Acts.

It must be remembered that in these Acts the Government, the Board of Trade, and Parliament were thinking of electricity **as an illuminant only, and not as a source of power**, or that it would be required in bulk.

The underlying principles and objects of this legislation were to encourage private enterprise, to develop an industry which, in its initial stages at all events, was of a speculative nature, but to preserve the potential and eventual profits of such undertakings to the Municipal Authorities. With this intent, it was provided that the undertakings of the companies should be secure from acquisition for a period of 21 years, extended by the Act of 1888 to 42 years, but that at the end of that term the local Municipal Authority should have the option of purchase. It was not contemplated by this legislation that a local monopoly in the supply of electric light should be created. On the contrary, the late Sir Courtenay Boyle, when at the Board of Trade, said that he regarded it as very nearly amounting to a mandate to the Board of Trade to allow competition.

Gradually, the larger properties and capacities of electricity became manifest, and with the recognition of its utility as a source of power for manufacturing purposes, private enterprise found a new field for activity, and companies began to be formed and to obtain Parliamentary powers for the supply of electricity in bulk and for power over large areas. For some time the growth of these undertakings was confined to the

industrial districts of the provinces, and it was not till 1905 that the economical and administrative problems that this new development in electricity carried with it were brought to the attention of Londoners.

In the Session of that year (*i.e.*, 1905), a powerful company, the Administrative County of London and District Electric Power Company, introduced a Bill to obtain powers to supply energy, both in bulk and also to large retail consumers, over an area of over 500 square miles, in, and outside, the County of London.

This Bill was strenuously opposed by the London County Council. "Your Petitioners," they alleged, "deny that any public necessity can be shown to exist for the powers sought by the Bill." Mr. McKinnon Wood (the Leader of the Progressive Party) was the formal spokesman for the Council, and when under examination on oath before the House of Commons Committee, he stated with regard to the sections of the Bill dealing with the supply of electricity to the private consumer, that he could find no protection for the consumer,—“they will not result in economy to power users, and the position of the lighting consumers will be damaged.” “So far as I can see,” he said, “the consumer gets no new rights. By taking away some of the large consumers, the existing undertakings will probably have to charge more than if they had these large consumers, and it comes to this, that the individual customer becomes worse off than ever.” And yet these sections on which Mr. Wood has animadverted were virtually reproduced in the Bill of the London County Council in 1906. At the same time, when under examination, Mr. Wood condemned the injustice of the treatment which the Company’s Bill would involve as to existing agencies for supply, whether Municipal Bodies or Companies. The Bill, he declared, “would deprive the small undertakers of their most profitable consumers, and result either in their ruin or their absorption in the central authority.” And yet the very powers which would produce these cruel results, the London County Council is now seeking to obtain for itself by similar provisions in its own Bill.

Notwithstanding the opposition of the London County Council, the Administrative County of London Bill passed through, and in effect received the approval of, Committees, both of the House of Lords and Commons.

The fact that the Bill so nearly became law, and the obvious inclination of the Legislature to regard with favour the creation of some authority with powers over a large area to supply electricity in bulk and for power, induced the Progressive leaders to reverse their attitude, and to adopt a totally new policy. Rather than that any private Company, however substantial, should obtain such powers on the strength of a scheme however carefully prepared and elaborated, they determined, at any cost, with, however, little prevision, to promote crude legislation in the Session 1906, to enable the London County Council to become the great central purveyor of electricity.

The recommendations of the Highways Committee in favour of the promotion of a Bill with this object were discussed at length at the meeting of the Council on November 14th, 1905.* Sir F. Mowatt (Progressive) made a strong protest against the acceptance of these proposals without further information, and in the then state of the Council's finances, and on his suggestion it was agreed that the Council should have another opportunity of considering the matter.

Lord Welby's Criticism, 1905.

This opportunity occurred on the 12th of December, 1905,† on the presentation of a joint Report on the subject from the Highways and Parliamentary Committees. The debate was notable for a speech by Lord Welby in opposition to the recommendations.

* This debate is fully reported in *London Municipal Notes* for January, 1906, pages 353 to 368.

† This debate is fully reported in *London Municipal Notes* for January, 1906, pages 368 to 385.

Lord Welby (P.), the Chairman of the Finance Committee, on this occasion expressed his regret that he was unable to support the recommendation. He said he had no alternative but to oppose his own party on the Council. He was jealous of the credit of the Council, and his jealousy led him to one opinion—that at the present time the Council was in danger of overstraining its credit. They ought to be alive to that danger, as their credit ought to be the first after that of the State, and he could not say that at present it held that position. The large propositions for expenditure which came from various Committees showed that the Council was not alive to the danger of overstraining its credit.

He wanted to justify the grounds of his statement by a reference to the capital commitments of the Council. In undertaking fresh liabilities, they ought to remember the existing commitments.

During the last few years many millions had been spent on street improvements, involving heavy borrowings. The Strand and Westminster Improvements cost seven millions. Those schemes would, perhaps, in time provide recoupment of the cost, but for some time the ratepayers had to bear the burden.

While he was a zealous adherent of the tramway policy of the Council, and while he believed the time would come when the tramways would pay their way and provide large profits, he could not help saying that the Chairman of the Highways Committee, Mr. J. Allen Baker, was an expensive luxury to London, and the millions which he asked for from the money market were, again, a great strain upon the credit of the Council.

He passed on to another work which the Council was pressing forward, and about which he did doubt whether it was really necessary for the Council to undertake, viz., the Rotherhithe Tunnel. The expenditure on that scheme was enormous, and, again, they had to come upon the money market for a large sum.

Further than that, the Council had chosen at that time to commit itself to a work which some time would be perfectly

legitimate, but not so now—when nearly two millions for a new County Hall was required, involving another heavy call on the money market.

Again, it was likely, in view of a change of Government that immense schemes, like the Port of London Bill, might be brought forward at any moment.

The policy by which the Council passed scheme after scheme was a strange one. In one year, the Council passed a scheme involving huge expenditure, put it aside, forgot all about it and looked upon it as if the thing were done. The next year, fresh schemes were produced, and the process repeated. In view of the change of Government, London County Council Bills promoted by the Council would have a better chance of passing, and fresh expenditure would be involved.

One other point he wished to make. There was the continually rising education rate. The figures before the Finance Committee pointed to a serious increase in the rate, quite apart from any new proposals which the Education Committee might bring forward in the future.

They might expect a falling revenue in the next few years and there was no doubt that, if they acceded to those proposals, the bill would have to be paid by the ratepayers. A very long and a very heavy bill it would be.

The Council would have to raise many millions of money in the next few years. **The money market was the Council's master.** In every one of the numerous cases he had mentioned, the Council was bound to go to the money market. **They were constantly borrowing, and it was necessary, if the credit of the London County Council was to be maintained, that they should produce to the money market evidence that they were acting prudently, soundly, and in a business-like way.**

It was not sufficient for the Council to think that because a scheme was passed it was done with. The Council might

undertake useful works, but that was not all that was necessary to success. They must have reasonable co-ordination, and regulation. They must have a true appreciation of the relative proportions of the various sums they proposed to borrow, and regulate their applications to the money market with wisdom.

Mr. Shephard had interpreted the Finance Committee's Report rather inaccurately. He had spoken of it as if the Committee treated £1,400,000 of capital expenditure as a mere bagatelle. The Finance Committee never treated such a sum as a mere bagatelle.

Under the scheme before them they were mixed up with a very large number of local authorities and companies, and they must look forward to a large public expenditure. It was essential to success that the Council should secure the hearty co-operation of those bodies. Arrangements to that end should be come to before they went on with that very speculative scheme. **What was now proposed by the Council was a leap in the dark.**

Mr. Shephard had not been able to produce any satisfactory figures to the Finance Committee. They had another Committee coming forward with a demand for half a million capital expenditure for receiving houses for lunatics. The Finance Committee was of opinion that the other committees of the Council were not co-ordinating their demands in a manner at all likely to lead to sound finance. **He was so convinced of the danger to which the Council was exposed by the proposition before them that, with great regret, he separated himself from his party, and asked the Council not to pass the recommendation.**

This debate was also notable for the fact that in the crucial division on the proposals, Sir F. Mowatt, Lord Welby, Sir A. M. Torrance, and Sir Algernon West, and some other Progressives, voted with the Moderates against them. The recommendation, however, was carried by 66 votes to 38.

Criticism of the Progressive Policy.

Engineering, in a leading article dated November 3rd, 1905, which by the courteous permission of the editor of *Engineering* we are permitted to reproduce, gives an admirable criticism of the Progressive policy.

In this article *Engineering* says :—

“ . . . The proposal we have to consider is embodied in a report of the Highways Committee of the London County Council, which was presented at the meeting of the Council on October 31st, 1905, but could not then be considered, as . . . public notice must first be given of the Council's intention to consider the proposals contained in the report. . . . It is with the hope of inducing the community of London to look seriously at the grave issues raised in that report, that we take the earliest opportunity of drawing attention to it.

“ Stated concisely, the effect of the report of the Highways Committee is that that body has considered the issues raised by the Electric Power Bills of last Session; that it admits the proposition that larger areas of supply than those at present existing are necessary to allow of the generation and distribution of electrical energy on the most economical scale and at the lowest prices; that it considers that the rights of existing authorities—and especially the rights of purchase vested in the local authorities—are seriously jeopardised by the grant to a private company of such powers as those asked for in the Administrative County of London Bill last Session; and, therefore, that the only proper means of securing the public benefits aimed at is to give the necessary powers of supply to the County Council as the ‘central municipal authority.’ The Committee concludes by recommending that a Bill should be promoted next Session ‘to enable the Council to supply electrical energy in London and certain surrounding districts’ on the lines indicated in their report; to give the Council power to carry out the necessary works, and power to make arrangements with existing undertakers (local authorities and companies) to enter

into agreements for the supply of energy. . . . If the Committee has shown skill, it has not, we regret to say, shown a frank honesty to the public in this document, for throughout its length it contains, as the basis of the argument, a strong *suggestio falsi*, which, if not intentional, betrays such ignorance or perversion of the statute law on the part of the Committee as we should be sorry to think possible. The report states that if the great Bill of last year had become law, it would have created an enormous monopoly in the supply of 'one of the most important and vital factors in the commercial development of London and the neighbouring districts,' and then continues in these terms: 'It will be sufficient to remind the Council that the electrical supply, in common with the water, gas, and tramway services, in most of the large cities in England, is in the hands of the local authorities respectively concerned; *it being clearly considered that a monopoly in services of this character should not be in private hands.*' A little later on we find the Committee adducing, as one of the considerations which led it to propose this scheme, 'the importance of preserving, as far as possible, the existing rights of local authorities and *the principle of municipal ownership contemplated by the Acts of 1882 and 1888*'; while still later the final recommendations are supported by the argument of 'the importance of providing cheap electrical energy for general use in London, and at the same time *securing continuity of the policy of public control which was intended to be ensured by the purchase clauses of the Electric Lighting Acts of 1882 and 1888.*'

"Now, these statements, which we have italicised, are very misleading to those who have not an intimate knowledge of the state of the law relating to electricity supply. From the first of the three quotations one would naturally infer that *Parliament* objects to a 'monopoly' of electricity supply being entrusted to private hands; but the Committee must know (1) that in the undertakings to which reference is here made—ordinary electricity supply undertakings—the Act of 1888 (Section 1) expressly destroys any idea of monopoly by providing that the grant of a licence or provisional order to any undertakers in any area 'shall not in any way hinder or restrict

the granting of a licence or provisional order to the local authority, or to any other company or person within the same area'; (2) that Parliament has in these Acts expressly provided for the grant of these undertakings to private companies; and (3) that, far from treating electricity undertakings as being 'in common' with water and gas undertakings, the Board of Trade, in consequence of the Section of the Act to which we have referred, looks upon them as entirely different, and treats the Section, to quote the words of the late Sir Courtenay Boyle, as 'very nearly amounting to a mandate to the Board of Trade to allow competition.' In London there are several cases of competition between companies.

"But the object of introducing that Clause in the report is seen when it is coupled with the two other Clauses which we have quoted. We there find 'the principle of municipal ownership' put forward as the basis of the Committee's recommendations, and the public is told that this principle is 'contemplated by the Acts of 1882 and 1888.' Now, the Committee knows well that these Acts deal with the grant of provisional orders only, and that they 'contemplate' merely the ordinary undertaking in a small area. It knows, further, not only that the Council could not promote this present scheme under the provisions of these Acts, but also that Lord Cross's Committee of 1898 recommended that undertakings for power supply in bulk over large areas should be exempted from the liability to compulsory purchase, unless the local authorities concerned could show good cause for the insertion of the purchase clause; and that this recommendation, though never expressly incorporated in a general statute, has been accepted by Parliament in nearly all the Power Acts of recent years. Why does the Committee so continuously harp upon the provisions of the Acts of 1882 and 1888, which do not apply to its scheme, and never once refer to the Power Acts, which are applicable? When such grave issues are placed before the public surely we have a right to expect that the trustees of the public welfare will give a candid exposition of the actual state of affairs, and not attempt, for any ulterior motive, to mislead either the electors or the elected, neither of these classes having the same special knowledge

as the Committee is supposed to possess. . . . What will strike the ordinary man as peculiar is that the Council is here asked to promote on its own account the very scheme which last year it opposed so strenuously, spending thousands of pounds of the public money for that purpose. **Substitute ‘central municipal authority’ for ‘private company,’ and hey, presto! the wicked demon becomes at once a beautiful fairy.** The alleged cause of the transformation we have just seen will not bear examination, as it rests entirely on a misunderstanding or perversion of the statute law. But we have, of course, in addition, the old familiar objections raised to allowing private individuals to break up the public streets. The real truth of the matter, however, is this : The County Council does not really wish to promote this scheme ; but still less does it wish to see a private company authorised to carry it out. It never anticipated that the Administrative County Bill of last year would succeed in passing a Committee. But when it passed Committees of both Houses, the Highways Committee took alarm. Convinced that Parliament is prepared to grant the necessary powers to *some one*, it has suddenly, in a state of panic, resolved to come forward itself as promoter. Proof of the state of mind of the Committee is to be found in the report itself. One would naturally expect that before asking the Council to adopt a scheme which will involve a large addition to the debt of London, this Committee would consider all the details and be able to show some statistics giving estimates of expenditure and revenue ; but far from this being the case, we find the Committee accompanying its proposals with this extraordinary confession :—

‘ We have not at present gone fully into the details of a definite scheme for the supply of electrical energy, but, from reports which we have had before us, and having regard to the favourable position in which the Council stands in many respects, we are of opinion that it will be quite practicable to put forward a satisfactory scheme.’

“ Surely when we find a responsible committee recommending the Council to accept such a costly scheme as this must be, **without knowing one single fact regarding it**, it is time

for the ratepayers of London to protest in the most forcible fashion. The Council is not told what capital will be required; it is not told where the customers are to come from, or whether any, in fact, will be obtained—and it must be remembered that the promoters of the Administrative County Bill last year were able to produce to the Committees definite agreements for supply to authorised undertakers; the Council is told that the Committee's scheme will protect the interests of the local authorities already possessing electricity undertakings, but not one word of proof is adduced to support this statement, nor is the Committee able to show that it has the support of a single one of these local authorities . . . This Committee says in fact to the Council: 'Trust us implicitly; it is true we cannot give you one item of reliable information as distinct from theory; the business is highly speculative, and may land us in heavy debt, but we believe it is possible to devise a practicable scheme. Therefore, decide now to promote a Bill in favour of our scheme, which we will shortly begin to consider.'

"If it should be said that this is a travesty of the position of the Committee, we may refer to former discussions of the Council on this very subject. No further back than February 8th, 1905, the Chairman of the Parliamentary Committee of the Council, referring to the Conference of Borough Councils on January 11th, at which the proposal for a combined municipal scheme for supply of electric power was unanimously rejected, said: 'I think we ought boldly to face this fact, that it would not be wise for the Council, without some such agreement (*i.e.*, with the Borough Councils), itself to undertake a supply of electricity in gross.' Another member said: 'The London County Council undertaking a supply of electricity in bulk may be a very speculative enterprise indeed, and it is doubtful whether it ought to be undertaken out of the rates'; and on February 28th, 1905, Mr. Sankey pointed out to the Council that 'if we seek to become the central authority for lighting, we shall come into conflict with these (local) authorities.' Thus we find the true nature of such a scheme pointed out clearly to the Council by its own members, yet the Highways Committee does not attempt to meet a single one of these objections.

“ The Council has had to admit that there is need in London for cheap power supply ; and the question therefore becomes : Who shall carry out this work, a private company or the County Council ? At this moment we are not concerned with any proposals from companies ; but let us conclude this discussion by stating **some reasons why such work should not be entrusted to the County Council.**

“(i.) In the first place, any authority obtaining powers for such a scheme as is here proposed expects a considerable part of its revenue to be earned in course of time by the supply of energy in bulk to authorised distributors, many of these being local authorities. Now the Borough Councils carry on their electricity undertakings by borrowed money, and the County Council is the statutory authority for these loans. Its sanction is required, and it is put in the position of trustee of the debt of these authorities. If, then, we suppose the County Council authorised to carry out its great scheme, it becomes at once a competitor with the Borough Councils, and it has no longer an independent position in dealing with loans to these bodies for electricity undertakings. If a Borough Council refuses to take supply from the County Council, and afterwards desires to borrow fresh capital for extensions, the County Council is in a position to bring improper pressure to bear upon that authority. It may constitute itself a judge in the matter and may say, ‘ No, we refuse our sanction for this loan, as we are convinced that it would be more economical for you not to extend your station, but to take supply from us.’ On the other hand, a Borough Council which is willing to take supply from the County Council may be encouraged in extravagance in the hope that money spent on extensions may lead to an increased load on the County Council’s stations. In short, the County Council is at present a policeman, but if it becomes also the authorised vendor of electric power in the Metropolis, the policeman is bribed—he has a financial interest in the loans to which he gives his sanction, as he expects to see some of the money spent in his own private shop, and is in a position to insist on this being done. . . .

“(ii.) The present financial position of the London County Council does not justify it in undertaking any business of a speculative nature, and it has to be admitted that a business of this character is highly speculative. Assuming that it results in disaster or in heavy loss, no one suffers but the shareholders if the undertaking is in the hands of a company; but if the County Council is the owner, the whole community must go on paying interest year after year upon dead capital, and must repay every penny of the capital itself. The net debt of the County Council at March 31st, 1905, was £44,620,000—the gross debt £71,587,000—and new burdens are constantly being added in connection with work which falls properly within the municipal duties of the Council. . . .

“(iii.) The Highways Committee throughout its report considers that whoever gets the powers to carry out the proposed scheme for the supply of energy at cheap rates will obtain a monopoly, and will eventually become suppliers of energy in bulk to all the local authorities and companies in London and the neighbourhood. Suppose this to be true, it necessarily follows that the County Council is the very worst body to whom such powers could be entrusted, for the whole community would then be at the mercy of a host of municipal servants, who could by threats of a strike, or by an actual strike, bring tremendous pressure to bear upon the local authority in any dispute with regard to wages. These men would be electors of the members of the Council—that is to say, masters first and servants afterwards. And it should be noted that in a strike of this kind there would be a combination of all the municipal workers in every branch of its trade, and London would be at the mercy of a mob. Where a private company is the undertaker, this danger is enormously minimised, as there is less community of interest between their workers and those of other undertakings, and the masters can deal with them firmly without fear of disaster to themselves.

“Many other objections may be brought forward, but we have said sufficient for the present, and in conclusion we have only to call attention to one other matter in the report of the

Highways Committee. It will be noticed that the proposed scheme is for supply not only in London, but 'in certain surrounding districts.' What status has the Council in areas outside London? When did it become the 'central municipal authority' for places like West Ham and other surrounding districts, and how can the arguments regarding municipal ownership be extended to these places in favour of the London County Council? One need not be a prophet to foretell that the proposal to go into surrounding districts will be strenuously opposed by the authorities for these districts; but the very fact that such a proposal is brought forward shows that the Council recognises that the municipal boundary is an artificial one in this question of power supply. That is another argument in favour of the company, and against granting to the County Council the powers it desires."

Report of the Select Committee, 1906, Analysed.

The County Council then presented to Parliament in the Session of 1906 their Electric Supply Bill. This, with eight other Bills dealing with the same, or with branches of the same subject, were referred to a Select Committee of the House of Commons, which made a Special Report.*

Of the true significance of this Report, and of the practical conclusions which should be drawn from it, *Engineering*, for July 6th, 1906, writes as follows:—

"The report presented to the House of Commons by the Select Committee which was appointed to consider the Electric Power Bill promoted by the London County Council, is a very important and interesting document. The duty of this Com-

* This Special Report is set out in *London Municipal Notes* for July, 1906, pages 22-26. Owing to the detailed references to it in the article in *Engineering* of July 6th, 1906, it has not been thought necessary to reprint it here.

mittee was of a two-fold character; it had, first of all, to consider the Bill on its merits; but it was also instructed

to consider with special reference to the proposals of the Bill, the best means for providing for the supply of electrical energy in bulk and for power and motive purposes, and to report thereon.

“Thus the report now issued is intended to lay down the lines on which future legislation on this great subject should be framed, and it is this fact which gives the document its special importance. Before we deal, however, with recommendations for the future, let us consider the judgment passed on the County Council’s Bill by the Committee.

“No one can accuse the present Government of being unfriendly to the County Council, and when the Government refused to allow any of the Power Bills, except that of the County Council, to go to a Committee, and at the same time, through the President of the Board of Trade, announced its opinion that ‘priority ought to be given to the scheme of the ratepayers,’ it was generally felt that the Council’s Bill, however imperfect it might be, had a strong chance of passing through the House of Commons. It must therefore be a disappointment to the Council that the Committee has decided ‘that the preamble of the Bill is not good,’ and we do not think the Council will find much comfort in the reasons given by the Committee for this judgment. When we look behind the form of the Committee’s argument, couched in terms of studied moderation, to its real substance, we find that it amounts to a complete stultification of the County Council. The scheme was put forward as a fair and adequate proposal for the supply of electric power in London, and surrounding districts, and the President of the Board of Trade referred to it in the House of Commons as a scheme brought forward ‘after mature consideration.’ The Committee has declared it to be neither fair nor adequate, and expresses the opinion that—

Further consideration should be given in regard to many matters pointed out during the course of the enquiry, with a view to amending and improving the scheme.

“As to the fairness of the Council’s proposals, the Committee’s report contains this striking passage:—

The Committee doubt whether due consideration has been given to the fact that both local authorities and companies, as authorised distributors, have expended a great amount of capital in the erection and equipment of generating stations: and that this has been done and the money borrowed under Parliamentary sanction. Any alteration of existing conditions ought to uphold in a fair and reasonable manner the interests of the authorised distributors.

“The Council’s scheme was solely ‘permissive’—that is to say, the Council sought to capture the field for the supply of electric power so as to keep out all private enterprise, and yet to be under no obligation to supply anyone; but the Committee has refused to accept this proposal, and insists that if powers are given, they must be compulsory, so that any authorised distributor shall have the right, under fair and reasonable terms and conditions, to require a bulk supply. Perhaps no more severe condemnation could have been passed on the scheme than the Committee’s mildly-worded statement that:

The adoption of these proposals would alter the whole scope and intention of the Bill, but it would at the same time make the measure more practical and effective for all purposes.

. . . On every point the Council has been beaten before a friendly tribunal, and the main result is that many thousands of pounds of the ratepayers’ money have been spent, only to obtain a certificate from Parliament that their representatives are incompetent, and are not unwilling to promote a scheme which wilfully disregards the interests of, and is unfair to, a section of the ratepayers themselves. Further, all this has been done in order to block the passage for another scheme promoted by private individuals—a scheme which was vigorously opposed in the previous year by the County Council, and ridiculed as unsound;

yet this same Parliamentary Committee, while condemning the Council's own scheme, adds that—

The scheme put forward by the Administrative County Company appeared to be conceived on scientific lines, and calculated to afford a cheap supply of electrical energy at private risk.

“Surely this is the most unkind cut of all. . . . The Committee recommends that there should be one central authority for the supply of electric power in London and the adjoining boroughs and districts ; and that the powers given by Parliament should be compulsory, and not merely permissive ; that any provisions made for the revision of prices charged by distributing authorities must take into account fairly the existing financial position and obligations of these distributors, whether local authorities or private companies, and that in arranging the distribution system the question of duplicated routes, as proposed in the Administrative County scheme, should be taken into consideration. To all of these recommendations we can give our assent, except, perhaps, to the first, as it seems too late to say that there must be one supply authority for the whole of the County of London and surrounding districts, when in fact, portions of that area are already allotted to power companies. But this point need not detain us ; we would rather consider the one important recommendation of the Committee to which we feel bound to take exception. That recommendation is that the central authority for the supply of electric power over this large area should be the London County Council. **Now it is curious that while the Committee gives reasons for practically all the other recommendations, no reasons are given for this,** and the omission seems to us significant. We are only told that this is the conclusion at which the Committee has arrived ‘after giving full consideration to this question’ ; but we should like to know what were the grounds for that opinion. On this point, we fear, personal predilections of members of the Committee may have had more weight than actual argument, and the Committee does not seem quite at ease in its own mind

over its decision, for it goes on to point out alternative courses which the Council might adopt, and suggests very strongly the advisability of the Council leasing the whole enterprise to a private company. . . . We would mention two reasons which appear to us conclusive why such an enterprise should not be entrusted to the L.C.C., viz.—(i.) If the area of supply is to include, as the Committee proposes, the districts around London—and those scheduled in the County Council Bill had a total area equal to twice that of the County of London—then the County Council has no *locus standi* in those areas at all; it is in a less tenable position there than a private company would be, **as it is spending the money of the ratepayers of its own area on a speculative business in quite a different area.** If it be decreed that a private monopoly cannot be allowed, then the public body entrusted with the monopoly should be one created *ad hoc*, like the Metropolitan Water Board. The area is sufficiently large to justify this procedure, and the undertaking would be of such importance as to require for its management and control, a body which has no other duties to perform. . . . As we shall no doubt be told in future that this recommendation by the Committee is the final word on the subject, and that any opinion to the contrary effect is rank heresy, we may point out that the subject was specially considered in 1898 by Lord Cross's Committee, which reported that an undertaking for supply in bulk at high voltage is not, as a rule, so desirable for the local authority to acquire as a low voltage undertaking for distribution.

“ Our last point is that even if such a scheme as that under discussion might properly be vested in the County Council, **the financial position of that body makes it exceedingly unwise to adopt such a course.** The financial commitments of the County Council are already enormous, so great indeed that the Finance Committee reported strongly against the promotion of the Bill which has just been rejected. That the House of Commons Committee was more alive to the situation than the Council itself, as a body, is apparent from the passage in the report that :

The Committee are of opinion that the report of the Finance Committee of the County Council renders desirable a careful consideration of alternative schemes —

that is, a scheme of leasing the undertaking to a private company. But ownership of the Council means that the Council must provide the capital, and that still involves further increase of debt. Leasing would reduce the evil; but why should it not be abolished altogether by allowing private ownership under statutory restrictions?"

Municipal Reform Opposition to the Proposed Bill of 1907.

With the publication of the Report of the Committee, the further promotion of the Council's Bill in Parliament stopped, and no legislation on this subject was carried in the Session of 1906. At its close the Progressive leaders determined that the Council should introduce a new Electric Supply Bill, with the same general objects, in the Session of 1907. But this Bill will differ from that presented in 1906, in that the powers which it seeks to obtain would extend over a far larger area, and that they will impose upon the Council **an obligation to give a supply of electricity on certain conditions, instead of being permissive**, as was the case under the provisions of the former Bill.

The recommendations of the Highways Committee were laid before the Council at its meeting on November 7th, 1906. To them, Mr. R. A. Robinson, as leader of the Municipal Reform Party, moved this amendment:—

"That the Council declines to embark upon so speculative an undertaking as that of the compulsory supply of electrical energy to London and the surrounding districts, involving unknown capital expenditure, at the risk of the ratepayers of London, and resolves to direct every effort to insuring that the supply which can be obtained through existing or combined undertakings is subject to such

control as will provide a cheap supply, and otherwise safeguard the interests of the public."

After a long debate this Amendment was defeated by 79 votes to 34.

The following are the Division Lists :—

For the Amendment—34.

Alliston, F. P. (M)	Goldsmith, F. (M)
Anstruther, H. T. "	Goodrich, A. O. "
Bailey, W. "	Granville-Smith, R. W. "
Barnes, E. "	Greenwood, H. J. "
Beachcroft, Sir R. Melvill "	Guinness, Hon. Rupert "
Bell, Sir William J. "	Harris, H. P. "
Bliss, Sir Henry W. "	Hunt, W. "
Brandon, Jocelyn "	Probyn, Lt.-Col. C. "
Brooke-Hitching, Sir T. H. "	Robinson, R. A. "
Buxton, A. F. "	Rotton, Lt.-Col. A. "
Cobb, C. S. "	Sankey, Stuart (<i>Teller</i>) "
Collins, E. "	Sturge, C. Y. "
Colville, Lt.-Col. C. F. "	Swinton, Capt G.S. C. (<i>Teller</i>) "
Elcho, Lord "	Taylor, John T. "
Essex, Earl of "	Thompson, W. W. "
Forman, E. B. (D.C.) "	White, E. "
Gaskell, T. P. "	Williams, Jabez "

Against the Amendment—79.

Allen, A. A. (P)	Dew, G. (P)
Baker, J. A. "	Dickinson W. H. "
Bayley, E. "	Dolman, F. "
Beaton, Dr. R. M. "	Gilbert, J. D. "
Benn, Sir John "	Glanville, H. J. "
Bowerman, C. W. "	Gordon, H. H. (I)
Branch, J. "	Gosling, H. (P)
Bray, R. "	Hardy, G. A. "
Briant, F. "	Harvey, T. E. "
Browne, E (<i>Teller</i>) "	Hemphill, Capt. The Hon. F. (<i>Teller</i>) "
Bruce, W. W. "	Horniman, E. J. "
Chambers, F. "	Hubbard, N. W. "
Cleland, J. W. "	Hunter, T. "
Cooper, B. "	Idris, T. H. W. "
Cornwall, Sir Edwin "	Jackson, R. S. "
Crooks, W. "	Jeffery, J. "
Davies, T. "	Jephson, H. "
Davies, W. "	Jesson, C. "
Dawes, J. A. "	

Johnson, W. C.	...	...	(P)	Shepherd, A. J.	...	...	(P)
Jones, Rev. L. J.	...	...	"	Shrubsall, G.	...	...	"
Lampard, G.	...	...	"	Smith, Alfred	...	...	"
Leon, A. L.	...	...	"	Smith, Edward	...	...	"
Lewis, J....	...	...	"	Smith, J.	...	...	"
Lidgett, Rev. J. Scott	...	...	"	Strauss, B. S.	...	...	"
McDougall, Sir John	...	...	"	Strong, R.	...	...	"
Mitchell, Isaac	...	...	"	Stuart, J.	...	...	"
Mowatt, Right Hon. Sir Francis	...	...	"	Taylor, H. R.	...	...	"
Mullins, W. E. ...	...	...	"	Torrance, Sir Andrew M.	...	...	"
Parkinson, W. C.	...	...	"	Verney, F. W.	...	...	"
Phillimore, R. C.	...	...	"	Wallas, G.	...	...	"
Piggott, John	...	...	"	Ward, H. (V.C.)	...	...	"
Pomeroy, Ambrose	...	...	"	Warmington, F. W.	...	...	"
Pope, W.	...	...	"	Webb, Sidney	...	...	"
Radford, G. H....	...	...	"	Welby, Lord	...	...	"
Russell, Arthur B.	...	...	"	West, Rt. Hon. Sir Algernon E.	...	...	"
Salter, Dr. A.	...	...	"	Wiles, T.	...	...	"
Sanders, W. S.	...	...	"	Williams, Howell J.	...	...	"
Sears, J. E.	...	...	"	Wood, T. McKinnon	...	...	"
Sharp, L.	...	...	"	Yates, W. B.	...	...	"

Sir Melvill Beachcroft's Criticism.

In the Debate which preceded this Division, Sir Melvill Beachcroft (M.) said: The object of our previous Bill was to obtain powers to supply electricity in bulk to authorised distributors. Mr. McKinnon Wood has told us in very plain language what the object is of the one now before us. For my part I would like to know who is responsible for this scheme. Is it our electrical engineers, is it our tramway manager, or is it Mr. McKinnon Wood? Who is it who is responsible for this scheme? What is it that we are now asking to do? Are we under our present scheme to confine ourselves to supplying electricity in bulk? No, we are asking to carry out the whole business of electric supply not only in London, but in a district four times the size of London, and both wholesale and retail. I am strongly of opinion that the supplying of electricity in bulk and that of distributing should be done entirely separately. Last year's Bill contemplated an expenditure of £3,000,000. By this year's scheme we propose to spend to start with, £4,000,000, and potentially £18,000,000.

We are to buy compulsorily the undertakings of the Borough Councils. In other words, to take over a debt of five and a half millions, and at any time before 1931, we are to take power to come to terms with the companies themselves who represent another twelve and a half millions of capital, and we are to do all this to ensure a cheap supply of electricity.

As with the tramways, so with electricity. We are to hang round the ratepayers' neck a huge capital debt in the hope that we shall some day make a profit. **If we start with a debt of £18,000,000, there is no chance of making a profit.** Some reference has been made to Marylebone. I am told that Marylebone has made not a bad bargain to start with. I am told that even after the expenditure of £1,000,000, they could have looked forward to an income of at least five per cent.; but what did they do? Were they content to take their power from the Metropolitan Supply Company? No. They spent a million of money in acquiring the undertaking, and they started to work to spend £750,000 in erecting new electrical works. With what result? The consumers in Marylebone have to pay more for electric light than any other consumers in London.

We are asked to scrap all these undertakings in London on which £18,000,000 has been spent, in order that the London County Council may be the authority. A more monstrous proposal than that cannot be made. What is the prospect of financial success? If you look at the paragraph on page 24 of our agenda paper, you will find that the charges to be made for energy are to be "as low as is compatible with the financial success of the undertaking." What do I find? I find according to the Report of the Finance Committee (that is the report of last year) that the Council will have to sell upwards of 270 million units at an average of 0.7d. per unit, which is a little over $\frac{1}{2}$ d. a unit to realise £240,000, which represents the debt charge on an initial outlay of £4,000,000. The output of the existing undertakings Mr. McKinnon Wood just now told us was 156,000,000 units. The Finance Committee gave a similar figure, and I quote them because they are more easy for

argument. The companies of London were selling in 1904, a total of 114 million units. I am told that this has risen to 156 millions. I ask, "Where is our custom going to come from?" Are the companies going to deal with us? Certainly not. There will be no custom from the companies until 1931. Are the Borough Councils going to deal with us? In order that we may acquire the interests of the Borough Councils, we have to take over their debt of five and a half million pounds. If we are to take on our shoulders this debt of five and a half million pounds to make the two ends meet, **we shall have to sell considerably over 600 million units as against the 156 million units to which Mr. McKinnon Wood just now referred. I challenge Mr. Wood or any other financier in this room, to say whether that calculation is not correct.*** If it is correct, then I say the proposal before us stands condemned on our own figures.

Further, if Members will look at the report of the Select Committee they will find that their consideration was confined to electric supply, and we have in London the means of distribution. These means of distribution are in the hands of the Borough Councils and the private companies, and we have, although Mr. Wood refers to them in very uncomplimentary terms, many power stations in different parts of London in good situations and admirably adapted for further extensions. There is one company—the Metropolitan Electric Supply Company—which has a magnificent power station at Willesden, in the West of London, capable of doing 10 times the amount of work done to-day. We have the London Electric Supply Company in the East of London, with a station at Deptford; and the Charing Cross and Strand Company, with a station at Bow; and the City of London Electric Supply Company with an exceedingly useful station at Bankside.

The result is that **you have four large power stations in London, quite sufficient to meet all the present wants**

* This calculation was not challenged by the Progressives.

of London, and yet, forsooth, Mr. McKinnon Wood recommends that we should put our hands into the rate-payers' pockets for £4,000,000 to do the very work which these stations are already competent to do. That is a spendthrift proposal. It is not for us to put forward an alternative scheme. There can be no possible reason why we as a County Council should not enter into negotiations at once with some of these companies, to four of which I have referred, to ascertain whether they would not fall into line with the County Council so as to form one comprehensive scheme to deal with the question of electrical supply. If Mr. Wood would confine himself to that question, instead of saying that there shall be only one authority for all purposes in London, I think the matter is capable of adjustment. I have had from an expert in these matters some information which touches on Mr. Wood's suggestion that any amount of money is to be found in this connection. From expert information which has reached me, I am able to state that in all the 27 power companies which have been sanctioned since 1900 throughout Great Britain, only one of these has paid a dividend. Two are in the hands of the debenture holders, and three have been unable to arrange any capital at all. This does not look altogether hopeful.

The division was on strictly party lines, as will be seen from the above list, and it is noticeable that Lord Welby and the other Progressives, who in 1905 had opposed the promotion of an Electric Supply Bill, on this occasion voted with their Party. This fact, however, does not diminish the destructive effect of the criticism of the proposals of the new Bill contained in the Report of the Finance Committee, signed by Lord Welby, and presented to the Council on the 6th of December, 1906.

Report of the Finance Committee, December, 1906.

The following is the Report referred to :—

“LONDON COUNTY COUNCIL (ELECTRIC SUPPLY) BILL, 1907.

“1.—In the Report which we presented to the Council on 30th October, 1906, on the proposals of the Highways Committee that the Council should seek powers in the next session of Parliament to enable it to supply electric energy in London and certain surrounding districts, we stated that we had not had time to consider fully these important proposals, and that we then only dealt with the broad financial issues involved, but that we proposed to present a further report at a later stage before the Council was asked to approve the Bill.

“The proposals of the Highways Committee are based upon a scheme submitted by the electrical engineers whom they have consulted, and we have carefully considered the scheme since the date of our previous report.

“The Select Committee who considered the Council's Bill of last session expressed the opinion that the Council should be made the central authority for the purpose of carrying out ‘one large and inclusive scheme’ for the supply of electric energy in bulk, and for power and motive purposes, not only throughout the entire administrative county of London, but also in adjoining boroughs and districts; and as we pointed out in our earlier report, the position of the Council has thus undergone a considerable change as compared with its position a year ago. This recommendation of the Select Committee was coupled with certain suggestions as to how the Council might exercise any such powers conferred upon it by Parliament, and we refer to these suggestions later on in this report.

“The scheme of the present Bill differs in very material particulars from that submitted to Parliament last year.

“In the first place, in deference to the views expressed by the Select Committee, it is a larger scheme, and the powers,

if conferred upon the Council, will carry with them an obligation to give a supply of electricity on certain conditions instead of being merely permissive, as was proposed by the Council last year. The total capital outlay is estimated approximately at £4,500,000, to be spread over a period of about seven years. This would provide for the erection of a generating-station at Barking and the necessary transmission system and switch centres; the amount includes £200,000 for interest to be charged to capital account during the period of construction, and additional amounts for working capital and for letting out motors and other apparatus on hire. There is also a general provision for contingencies in addition to any margin allowed under the several heads of estimate.

“ Powers will be sought in the Bill for the incorporation in the electric supply scheme, if the Council so decides, of the Council's generating-station now in use for its tramways, but the cost of this (approximately £850,000) is not included in the above figures, as the expenditure has already been incurred, and there will only need to be an adjustment in respect of it between the tramways and the bulk supply accounts, nor do the figures include the capital which may be required for the purchase of undertakings in the future.

“ The scheme contemplates that at the end of five years from the passing of the Act, the undertakings of the borough councils in the county, excepting those of St. Marylebone and Woolwich, shall be transferred to the Council at the amounts of their outstanding debts. The total debt outstanding of all the borough councils in respect of electricity undertakings on 31st March, 1906, was about £5,088,000, or deducting £2,066,000 in respect of St. Marylebone and Woolwich, £3,022,000. The transfer of these undertakings to the Council on the terms proposed would not, of course, involve the raising of any new capital.

“ The scheme also provides for the ultimate purchase by the Council of the undertakings of electric lighting companies within the area, but as it is only contemplated that the Council

shall take over the powers of purchase under section 2 of the Electric Lighting Act, 1888, now vested in various local authorities, and as these powers do not become operative until 1931, and at later dates as regards undertakings outside London, the liability for capital expenditure under this head is not a matter of present concern. Power is, however, to be taken to purchase these undertakings by agreement at any time and there are a few cases where the local authorities' powers of purchase are exercisable on certain terms at earlier dates than 1931. Power is also to be sought to purchase by agreement at any time the undertakings of local authorities outside the county but within the area of supply, but no capital expenditure is expected to arise under this head in the near future.

"We do not think it necessary, or indeed possible, to attempt to estimate the extent of the liabilities which may be incurred by the Council in the future in connection with the purchase of these undertakings, but it is obvious that the development of the Council's scheme in this direction, whenever it takes place, must involve the raising of large additional capital.

"So far as the outlay upon the new system of generation and supply is concerned however, the amount and rate of progress of expenditure may be to some extent beyond the Council's control inasmuch as the Council will be under obligation to make provision for meeting all reasonable demands for supply.

ESTIMATED FINANCIAL RESULTS OF BULK SUPPLY UNDERTAKING.

"We have examined from a financial standpoint the estimates prepared by the experts of the working expenses of the proposed undertaking at various stages of development; these estimates appear to us to have been prepared with care, and there is no feature in them to which we take exception. Interest on capital outlay has been calculated at an average rate of $3\frac{1}{2}$ per cent., and repayment of debt is provided for, on the basis of cumulative annuities, within the periods of the estimated life of

the various parts of the works, the equated period working out at about 32 years.

“In addition to providing for repayment of debt, the estimates provide for the setting aside of a renewals fund for the replacement of large pieces of machinery, etc., as they become worn out, but expenditure on ordinary repairs and maintenance, including small renewals, will be met directly out of revenue account.

“Turning now to the revenue side of the account, we recognise that **it is not possible to frame any certain estimates of revenue.** The experts by their tables show that if all the energy generated (less the usual allowances for loss in transmission, etc.) is sold, there will be a small surplus of revenue over all charges when two-fifths of the new generating station is in full operation. We fear that during the early years, while the business is being got together, and the undertaking gradually brought into operation, some charge on the rates must be looked for, and the Council must face this probability. The Highways Committee are advised that there is difficulty in avoiding this by fixing higher charges at first for energy supplied, as the charges must be fixed low from the outset, in order to attract business. The whole conception of such an undertaking is, we understand, that cheap electricity can be obtained only by generating on a very large scale, and this necessarily involves that the volume of business should reach a certain level before the undertaking pays its way. We note that the Bill provides for the repayment out of any future surplus of amounts so contributed.

“The Council will have the advantage of starting its undertaking with a demand already created in the shape of the tramways, the load factor of which is a high one. Moreover, if the Council takes over the Borough Councils’ undertakings, it will secure control over at least a considerable section of the total existing output.

“The experts look for a rapid growth in the use of electricity for power and the speedy development of the proposed undertaking, and if their expectations are realised, the calculations

made, show that when the scheme is fully developed, by the year 1915 or thereabouts, there should be a substantial surplus sufficient to secure the financial stability of the undertaking. **The estimates do not, however, contemplate any relief to the rates,** the scheme having been prepared on the lines of giving the consumer of electricity the utmost benefit possible in cheapness of price.

“In our opinion, while recognising the desirability, and indeed the necessity, of fixing as low a price as possible, we think that sufficient margin should be allowed to afford all reasonable safeguards against any charge on the rates except in the very early years of development.

“PURCHASE OF BOROUGH COUNCILS’ UNDERTAKINGS.

“The scheme proposes that the undertakings of Borough Councils shall be taken over at the amount of their outstanding debts. This is considered by the Highways Committee to be a more acceptable basis than to attempt to arrive at the value of each undertaking on the basis of capital cost less depreciation. It must be remembered, however, that as a rule loans for electric lighting have been spread over periods in excess of the estimated life of the works, and the Borough Councils are required to provide out of revenue or reserve funds for any renewals which may arise before the expiration of the loan period. Any reserve or renewals funds therefore should pass to the Council if the Council is to assume the outstanding indebtedness on these undertakings. There are obvious difficulties connected with the proposed basis of transfer owing to the different circumstances and financial conditions of the various local undertakings and further consideration may lead to some modifications.

“The exclusion of the St. Marylebone and Woolwich undertakings from transfer is due, we understand, mainly to the fact that these undertakings were acquired in part from companies, large sums being paid for goodwill, and we agree that **it would not be in the financial interests of the Council’s scheme that these undertakings should be taken over with all their onerous obligations.**

“Other very important considerations are raised by the proposed transfer of the Borough Councils’ undertakings, and we are communicating to the Highways Committee our views upon some of these points, which we feel call for most careful attention before the policy of taking these undertakings over is finally decided upon. We do not think it follows that the financial results of these undertakings, which, as a whole, do not at the present time show anything more than a small margin on the right side, will, in the Council’s hands, apart from their relation to the proposed bulk supply, be the same as under the Borough Councils. For example, though the Council would take over in each case the existing powers of charge, we are of opinion that before long a scheme of uniform charges would be demanded, and this would probably result in an all round average reduction, with consequent loss of revenue. The existing powers of maximum charge relate primarily to lighting, and no lower limit is imposed with regard to supplies for power purposes, but the Council would no doubt find itself limited by the maximum charges in its own Act for power supplies. Again, the question of public lighting has to be considered, and having regard to the high charges now being made in the electric lighting accounts in many cases for current supplied to public lamps, we are of opinion that as the Council would doubtless reduce these charges there would probably be a very considerable loss of revenue to the Council’s undertaking under this head, although there would be a corresponding gain to the local rates.

“The estimates of financial results of the bulk supply undertaking, to which we have already referred, do not take into account any of these points as they relate only to the generation and sale of electric energy in bulk, while the considerations just mentioned arise in connection with the transfer of the local undertakings to the Council by which the Council would become the distributor of electricity for lighting and all purposes.

“It would perhaps be possible for the Council to leave the distributing part of the undertakings in the hands of the Borough Councils, the Council concerning itself only with

generation and supply in bulk. **We feel that these questions call for much closer consideration before a final decision is arrived at.**

“GENERAL FINANCIAL CONSIDERATIONS.

“The Council has already laid down its policy with regard to this matter of electricity supply for London, and it only remains for us to endeavour to make clear to the Council, so far as financial considerations are concerned, the probable results of that policy.

“The financial effect of the proposals may, we think, be summed up as follows :—

“**Considerable financial risks are inseparable from the establishment of an undertaking of this nature and extent, whether in the hands of a municipal authority or a company, particularly the risk of deficiencies in the early years.**

“Under the scheme which has been adopted the financial responsibilities and risks will fall on the ratepayers of London, whilst the ratepayers of all the large districts outside London within the area of supply will be entirely immune therefrom, although, so far as we understand, the inhabitants of those districts will receive equal advantages with the inhabitants of the County of London in the matter of prices charged.

“We note that there is a provision in the Bill by which any surplus in the year, after paying interest and debt charges and providing for reserve fund, is to be carried to the relief of the county rate, but having regard to the contingencies to which we have alluded, the necessity of a large reserve fund and the desirability of applying any surplus realised to the reduction of price, the prospect of any relief to the rates appears to us uncertain and in any case remote.

“The large addition to the Council’s capital requirements which this scheme involves must tend to affect the raising of money by the Council for all its services, and the Council will possibly have to pay a fraction more in interest for all the loans which it requires to raise during the period when this extra expenditure is being incurred. This is a result which must attend any scheme necessitating large outlay of capital by the Council.

“The Council has adopted the policy which involves these financial responsibilities because, we understand, it is apprehensive of the results which might follow the establishment of a vast monopoly in the hands of a company, and the question to be finally decided is whether the advantages to the public from the Council’s scheme are likely to outweigh the financial risks inseparable therefrom.

“In our opinion all these considerations lead to the conclusion that while the Council should be constituted the central authority, **the powers sought by the Bill should be as wide as possible as regards the way in which the powers may be put into execution by the Council.**

“The Select Committee of last year were careful to point out that in recommending that the Council should be the authority, they had in view the fact that the Council might exercise its powers in more than one way. They said—

“(a) The County Council may undertake the whole work, providing every authorised distributor and every private consumer with electricity in bulk at a maximum scale of prices.

“(b) The County Council may retain for itself one part of the undertaking while permitting a private enterprise to undertake another part.

“(c) The County Council may lease for a substantial consideration the whole enterprise to a private enterprise, to resume possession of it when its initial stages are over.

"The financial difficulties, to which we have called the attention of the Council, would to a large extent be obviated if the Council saw its way to adopt some scheme of exercising the powers sought, if and when conferred by Parliament, by which the Council, while retaining general control, would be relieved of the responsibility of working the undertaking in whole or in part.

(Signed) "WELBY, *Chairman.*"

(Extracted from the L.C.C. Agenda for December 11th, 1906, pages 75-77.)

It will be seen from the concluding paragraph of this Report that the Finance Committee do, in fact, prefer the policy laid down in Mr. R. A. Robinson's amendment to the scheme of the Council's Bill.

The Municipal Reform Policy.

This policy is clearly and explicitly explained in the Manifesto of the party of Municipal Reform, issued on December 4th, 1906.

"SUPPLY OF ELECTRICITY.

"They (*i.e.*, the Municipal Reform Party) are fully alive to the need for a cheap supply of electricity for power and light to manufacturers and consumers in and around London, but they believe this can best be provided by private enterprise controlled in the public interest. Existing supplies have had as yet no opportunity of working under modern conditions.

"They will resolutely oppose the policy of the Progressive Party, which will rashly commit the rate-payers to an expenditure of many millions of money in a huge electrical undertaking of a most hazardous nature, and which can only be made profitable if managed by electrical experts and men of special training and capacity.

“They will, on the other hand, while refraining from harassing the present supply companies or Borough Council undertakings, or any new companies which may be prepared to provide a bulk supply, make it their policy to establish efficient central control over the whole area, and to ensure that all parts are worked together for the good of the whole, without allowing the interests of private investors to prevent the sale of electric current at low rates.

“In any arrangements made, the interests of the public, the consumer, and the investor must have due consideration. They will take care that each shall benefit by any economies which can be introduced. Fair, but not excessive, dividends should be allowed, and after a reasonable proportion of the profit has been applied in reduction of charges, the ratepayers should be entitled to their share as a contribution in aid of the rates, in return for any concessions of a valuable character.”

The Issue between the Parties.

Here then, on this most important matter, a clear issue between two alternative, and opposite, policies is presented to the electors of London. If the policy of the Progressives is supported by them :

It is certain that a tremendous new burden will be thrown upon the already over-burdened London County Council.

It is certain that the business involved in this new task is intrinsically of a kind which can be best carried out by the push and individual and expert skill and zeal which private enterprise can command, but which is foreign to the composition and the proper functions of the London County Council.

It is certain that the necessary preliminary expenditure in starting a supply of electric energy in bulk must entail heavy new borrowings which will injuriously affect the Council's credit and diminish the value of its stock.

It is highly probable that to make this new, and most speculative, business remunerative, the Council will be compelled further to raise the rates, and to take more out of the pocket of the ratepayer than it is ostensibly putting into his other pocket as a consumer.

It is certain that this policy does not commend itself to the most experienced and able financiers on the Progressive side itself in the Council.

If, on the other hand, the electors give a majority to the Municipal Reformers, they will be enabled to give effect to a policy which accords with the experience of the largest industrial populations outside London of how the development of electrical energy for manufacturing purposes can be most efficiently stimulated and regulated. This policy presents no financial risks. It puts no obstacles in the way of the expansion and amalgamation of private undertakings. At the same time, in the interests of the community, it guarantees a general municipal supervision over the whole field of electrical supply.

A Summary of the Question.

In this connection, we would call attention to the following leading article in *The Local Government Journal*, on November 23rd, 1906, entitled "The L.C.C. Electric Bill. What is to be the Policy of the Boroughs?" In this article *The Local Government Journal* says :—

"For the fourth time (previous attempts being 1902, 1903, and 1905) the London County Council is seeking powers from Parliament for acquiring the control of the electrical undertakings of the London boroughs. As the latter have sunk five millions (£4,918,918 at March 31st, 1905, *vide* L.C.C. return, No. 931) of the ratepayers' money in these concerns, the question is of vital importance to them. It is not necessary in the present article to go into the question of whether that money has been always wisely spent, or to draw distinctions

between the successful results in some boroughs and the failures in others. The money has been spent, the undertakings are there, and the new Municipal Reform Councils, whatever their views on the subject of municipal trading, have got to conduct them on business lines and in the best interests of their ratepayers.

THE POLICY OF THE L.C.C.

“ The L.C.C. has consistently encouraged the boroughs to go in for electric lighting. Whenever an opportunity offered, the L.C.C. came forward and offered to help the boroughs to undertake the work. The Woolwich Borough Council was strongly urged by the County Council to buy out the Woolwich company, with the present unhappy results, as was the Marylebone Council, to whom the Council advanced £1,415,000 for the purpose. The L.C.C. has, in fact, lent most of the money for the boroughs to put down their installations, and one would have expected that it would have exercised care to see that this money was carefully spent and the undertakings placed on a sound business footing. But this has not been the case. The London County Council has encouraged bad finance, and is largely responsible for the results.

“ When a provincial borough requires to borrow money for its electric light works it goes to Parliament or the Local Government Board. In either case a public inquiry is held, at which those objecting can be represented. If the scheme is satisfactory the borough is allowed to borrow the money, but must repay it within twenty-five or thirty years, a period which is fixed in view of the rapid changes in electrical machinery, and is generally admitted to be amply long enough for sound finance.

“ UNSOUND FINANCE.

“ But the L.C.C. has, unfortunately, not followed this prudent course. It has lent the greater part of the money for forty-two years, and too often without any thorough inquiry

before or afterwards as to the proper expenditure of the money. Further than this, it has entirely remitted the sinking fund repayments for the first three years. Some of the boroughs, like Hampstead, have already realised the short-sightedness and unsoundness of this policy, and have voluntarily begun to repay their loans on a twenty-five years' basis, thereby showing their financial methods to be much sounder than those of the Council itself.

“L.C.C. PREVIOUS ATTEMPTS.

“The 1902 and 1903 Bills of the County Council need not be gone into—they both ended in fiascos. That of 1905 proposed, among other things (clause 35), that the Council should have power to compel the boroughs to lower their prices to the consumers if the Council thought fit, which might obviously have landed the boroughs' ratepayers in a heavy loss, while Mr. McKinnon Wood absolutely refused to allow the Council's own prices to be submitted to revision. This naturally aroused great opposition, and although the Council held various conferences with the boroughs and attempted to get their support, no less than nineteen petitioned against the Bill, their rateable value being three-quarters of the total rateable value of London.

“BOROUGH COUNCIL CRITICISMS.

“The following were some of the criticisms which the Boroughs put before Parliament:—

“(1) That the County Council, while it sought to regulate the Boroughs' prices, which are already limited by the Board of Trade, itself refused to have any maximum prices, or to be under any obligation to supply the consumer at all—*i.e.*, reserved the right to pick and choose its consumers.

“(2) The Boroughs showed that those ‘inside joined with the outside authorities . . . as London ratepayers

we desire to run no risk of there being any loss from anything done outside.' (Woolwich representative.)

"(3) 'If this scheme passes we shall have to work our undertaking at a loss. We have erected our own generating station, and it has cost less than Greenwich.' (Marylebone representative.)

"(4) 'It would inflict a very great injury on the City of Westminster; it is in distinct opposition to the judgment of many members of the County Council. This Bill has been drawn up in a manner utterly regardless of the rights of the Borough Council.' (Westminster representative.)

"(5) 'The County Council are asking Parliament to make them judges while they have a hundred and one ways of enforcing what they wish.' If Parliament 'came to invest them with the powers of a competing trader, they cannot exercise their judicial faculty; it is more than human to suggest it. They will use every effort to get the business into their own hands.' (Bermondsey and Fulham representatives.)

"(6) 'There is not a single London Borough supporting this Bill left.' (Islington representative towards the end of the case.)

"The scheme went before a special Parliamentary Committee, consisting of six Radical and Labour members out of nine, with special instructions to consider it favourably. As a result largely of the Borough opposition it was, however, **unanimously rejected**, and the Committee, after pointing out numerous technical errors in the scheme, expressed their 'doubt whether due consideration had been given to the fact that local authorities and companies have expended a great amount of money . . . any alteration of existing conditions ought to uphold in a fair and reasonable manner their interests.'

“The Committee, following the suggestion of the L.C.C.’s Finance Committee, also recommend that the Council might be wiser to leave electric supply to private interests, and not speculate with the ratepayers’ money.

“THE PRESENT BILL.

“As a result of this report the Council is about to introduce a fresh scheme. Again they have failed to secure the support of their own Finance Committee; again they will fail to secure the support of the Boroughs. For the new scheme, so far from carrying out the wishes of the House of Commons Committee to be fair to the Boroughs and co-operate with private enterprise, actually proposes to acquire *by compulsion* the Borough Councils’ and private undertakings!

When compelling the Boroughs to sell their undertakings, no distinction is made between those undertakings which have been successful and have contributed out of their profits to the rates, and those which have piled up increasing burdens upon the ratepayers. There are, it cannot be denied, certain Boroughs whose undertakings, thanks largely to L.C.C. slackness, have been a failure; some of these might be glad to get their money back out of the pockets of those Boroughs which, by care and prudence, have established successful undertakings after years of struggle and hard work. But why should the thrifty undertakings be made to pay for the one which has wasted its money?

THE L.C.C.’S REAL OBJECT.

What is the real object underlying these repeated attempts of the County Council to crush out the Borough undertakings? It is not the benefit of the consumer, for, as we have pointed out, last year the County Council even refused to be bound to supply all consumers alike, and insisted on the right to pick and choose, and declined to fix any maximum schedule of prices which the Boroughs and companies are all bound by. It cannot

be economy, for as the *County Council itself showed* two years ago, many of the Boroughs' undertakings, being on the spot, are in a position to supply much more cheaply than a scheme which has miles of transmission mains to pay for.

It cannot be fear of a trust, although this has been a convenient argument, for **an examination of the County Council's scheme clearly shows that it possesses nearly all the evils of a trust without any of its compensations**; in fact, the County Council's scheme, which involves the whole electricity business in 440 square miles, is a ten times bigger and more risky affair than any of the schemes proposed by the companies two years ago, which only sought for the supply of power, a comparatively small business.

IS THIS A TRUST ?

A trust is "a combination of many undertakings under one central control"; so is the scheme of the County Council.

A trust's object is to acquire an absolute monopoly in order to charge what it can to the consumer; so does the County Council, Mr. McKinnon Wood having refused to be bound by *any* maximum prices.

A trust aims at getting rid of all competition; so does the County Council.

An electric company, even if it gets a monopoly, is now prevented by Parliament from ever raising its prices, and, as a matter of fact, like the gas companies, is compelled to lower them to increase its dividend. But the County Council seeks power to raise its prices if it requires. **What we have got to remember is that a monopoly is still a monopoly though in the hands of the County Council, and still suffers from the evils of a monopoly, and from the fact that there is no competition to stimulate it to constant improvements, or to keep prices down and efficiency up, which at least a private company is stimulated to do, even**

for profits' sake. Finally, the essence of a trust is the removal of competitors. But even the companies sought no compulsory powers, and in any case proposed only to deal with power supply, and then by agreement.

The L.C.C. Bill would enable it to gradually crush out, not only the companies and borough councils, but, by using the rates to which they contribute, even the small wiring contractors, who have done so much in the past to spread the use of electricity in London. This, after three previous failures, is the L.C.C.'s final answer to Parliament's recommendation to it "to uphold in a fair and reasonable manner the interests of the authorised distributors." . . .

WHAT WOULD HAPPEN.

Even the L.C.C.'s own Finance Committee has told them that it would be very unlikely to make any profit at the prices proposed. What must happen, therefore? The L.C.C., having once secured a monopoly, would be obliged to raise its prices (and took special powers to do so) in the hope of making a profit, which would not come to the London ratepayer, but be used either:

(a) To pay the losses incurred in the less profitable districts outside the county, where the supply would, as the Council has shown, be given at a loss.

(b) Or to make good the losses on the tramways, for the L.C.C. took special powers (clause 27) to "make such transfers from the electricity account to the Tramways account as may be expedient." As if the ratepayer has not enough difficulty already in knowing what is taking place on the tramways!

The argument Mr. McKinnon Wood is never tired of using is—"There can be no risk in the scheme, as so many companies want the job." We challenge anyone to show that any company has ever proposed a scheme which, either in size, nature, or details

has any resemblance to this enormous scheme of the Council. The biggest company of the lot, which failed to get its powers, only sought to do a small fraction of the business proposed by the County Council, and had a capital one-tenth of the capital the Council would have to spend, and as a matter of fact is no longer seeking these powers; in short, the "trust" argument is worn threadbare. But even if a company could be formed to carry out such a scheme, it has a right to speculate with its own money upon risks which the Council has no right to take with that of the ratepayers' against their wishes.

TO CRUSH THE BOROUGHES

No, the real object of the present Bill (as Progressives "in the know" have confessed) is the furtherance of the general policy of crushing out the boroughs, which, as the *Daily News* said the day after the recent elections, "should never have been created."

As the representatives of one borough after another pointed out to Parliament last year, the Council having got the control of the electric undertakings, will use this as an argument for controlling all the other things in the boroughs—sanitation, street works, and dust destructors. In fact, everything will gradually be absorbed by the central authority until the boroughs are reduced to the position of the old vestries.

In place of local management and local control understanding local conditions, a great electrical trust will spring up at Spring Gardens, managed by hordes of new officials who will replace the old and experienced servants of the boroughs. The Council, which is already complaining of the enormous amount of work it has to carry out, will make a shift of managing a concern covering 400 square miles, with £20,000,000 or £30,000,000 capital, by some committee of persons already occupied with too many other things.

The more one looks at the Council's proposal the greater is one's surprise. In fact, one is inevitably forced to conclude that it must have been prepared by someone who bore the Progressive Party no goodwill. For nothing could do more to show the supporters of the borough councils and economy who are the people opposed to both."

The Trust Fiction Exposed.

By the permission of the Editor, we are permitted to republish the following article which appeared in *The Municipal Reform Gazette* of January 10th and 17th, 1907 :—

"In the sixth and final article contributed by Mr. P. W. Wilson, M.P., to *The Daily News*, the old Trust bogey is once more trotted out, and Mr. Wilson fairly excels himself in misleading his readers.

"The proprietors of *The Daily News* are generally believed to be upright men, and we have always understood that that journal prided itself on a standard of morality as much above that of its contemporaries as its accuracy is certainly below. In an editorial note we are informed that Mr. Wilson 'has placed facts, the whole facts, and nothing but the facts, before the electorate.' Yet any person of average intelligence, be he Progressive or Reformer, who cares to spend half-an-hour in studying the proceedings of the House of Commons Committees will discover that Mr. Wilson's last article is about as adroit and complete a mis-statement of the case as could be imagined. Mr. Wilson, who is a prominent writer on religious subjects, is apparently a little chary of vouching for the 'facts' which his editor is so sure of, and frankly states that he gets them from Mr. McKinnon Wood. . . .

" FICTION No. 1.

"To take the first mis-statement, 'the Moderate Party proposes to set up an electric trust upon the model

of the water companies.' Not a single fact is adduced in support of this preposterous statement, which Mr. Wilson must know is absolutely false. The truth is, of course, in spite of all the raving of *The Daily News*, that **the only people who have ever tried to set up an electrical monopoly in London are the Progressives themselves**; the utmost that any of the companies ever asked Parliament for was the right to supply electric power only (which forms some 7 per cent. of London's total electrical supply) to the factories of the East End at prices one-third of those in force to-day. Even so, no monopoly was asked, for the very good reason that Parliament has never granted a monopoly to an electric company; in fact, the powers sought were identical with those already granted by Parliament during the past five years to twenty-seven companies in other industrial areas in the kingdom.

"RATEPAYERS' AND CONSUMERS' INTERESTS.

"It has since leaked out that, before proceeding, the companies all came to the Council and asked for its co-operation, offering any modifications desired. The Progressive-Socialists would not join with private enterprise in any shape or form. But every one of the safeguards for the ratepayer and the consumer which the Council itself suggested was inserted in these Bills. So far from setting up trusts which would have to be purchased at an exorbitant rate in the future, the purchase clauses, as Mr. Wood is well aware, were actually those suggested by the Council's own Comptroller, and allowed the ratepayers to take over the concerns if they wished at actual cost price, without any allowance for profits or goodwill, while in the meantime the ratepayer could have run no risk of loss and have shared in the profits. The Bills also contained a sliding scale (devised by the Comptroller) by which no dividend could be paid if the price exceeded 1d. per unit (the average price in London to-day being 3½d.), and this price could never be raised, but was subject to periodical reduction by the Board of Trade at the instance of the L.C.C. The chief scheme, after a searching criticism, was approved by three Parliamentary Committees, all

under Liberal chairmen. The third (July, 1906) consisted of six Radical and Labour members out of a total of nine, and unanimously rejected the L.C.C.'s own Bill, so absolutely unsuitable for L.C.C. management and ratepayers' investment was this business shown to be. For it, of course, does not bear the slightest resemblance to the municipal *lighting* schemes of the provincial towns, as Mr. Wood imagines. We mention these facts in order to show the unreliable nature of the Progressives' reasons for proposing their own gigantic trust, and because the Reformers are interested in finding the best solution of the problem from the ratepayers' point of view.

"PROMINENT LIBERAL PROMOTERS.

The disgraceful suggestion of "The Daily News" that the promoters of this scheme financed the Reform party is sufficiently disproved by the fact that they included Mr. Herbert Gladstone, Sir George Newnes, the late Chairman of the National Liberal Federation, Sir James Joicey, and other eminent Liberals* (the chairman being hon. secretary of the Scottish Liberal Club), together with a number of railway directors and other gentlemen inte-

* On July 8th, 1905, *The Daily News* (R), in a leading article entitled "A Bad Day for Liberalism," says:—"The analysis of the division list on the second reading of the London Electric Trust schemes will not make pleasant reading for Liberals. The fact that emerges is this; the second reading was carried by Liberal votes. Forty-seven Liberals supported the scheme; the majority was only forty. This is a grave matter for Liberalism. It means that a not inconsiderable proportion of the party are prepared to throw over the vital principle of municipalism in disregard of a united London and in the interests of a powerful Trust. It means also that they have so little sense of the principle of Home Rule or regard for local opinion that they are prepared to vote down London members on a London subject by the votes of provincial members. . . ."

rested in the East End, like Mr. Yarrow and Mr. Herbert Brooks. That the ratepayers had a good deal to gain was shown by the fact that the employers of 100,000 men, representing 50 per cent. of the rateable value of Poplar and 35 per cent. of West Ham, petitioned Parliament in favour of the scheme.

“COMPANY’S SCHEME ABANDONED.

‘But even if everything Mr. Wood and *The Daily News*, in their wildest moments have suggested about these gentlemen be true, even if these eminent Liberals had promoted a scheme ten times more dangerous than Mr. Wood would have us believe their scheme was, even if all the Parliamentary Committees and the Board of Trade were the ignorant or careless bodies Mr. Wood makes out, that scheme is dead.

“The only proposal now before Parliament is limited to strictly carrying out by agreement with, and under the authority of, the Council itself, those more speculative portions of the business of supplying electric power which Liberal Committees of Parliament have four times, and the Council’s own Finance Committee twice, refused to approve of the Council itself undertaking. Thus no question of purchase in the future arises at all, for the ratepayer would retain the ownership and control of the concern in his own hands, and would derive a certain share of the profits, without adding to his enormous debts or running any risk of a loss. This result can be obtained by municipal control and co-operation, and leaving the actual carrying on of this very speculative and complex business to men who have studied it and would devote their whole time to it, instead of to overworked faddists who could devote an hour or two a week to interfering in a matter for which they have no training, experience, or aptitude.

“PRIVATE RISK AND MUNICIPAL CONTROL.

“Co-operation between municipal control and private electrical enterprise has been recommended by Parliament (1906), by the

Council's own Finance Committee, and, quite recently, by the President of the Board of Trade. But not a word does Mr. Wilson say of this alternative. The value of his article may be judged from the fact that he does not even mention the schemes now before Parliament. His information is at least two years behind the time, and Mr. Wood has not apparently thought it wise to tell him too much lest he should modify his views. But even he ought to know that his allusion to the water purchase is nothing but a red herring to mislead those electors who are too busy to study the facts. For, as Mr. Wood knows well enough, the Acts of Parliament entirely differentiate electric light companies from water companies. The former can, invariably, be acquired by the ratepayer, if he wishes, at actual cost price. Only in cases where local authorities will not await the end of the term, as in Marylebone and Woolwich, does Parliament make them pay more.

“PROGRESSIVE MONOPOLY THE ALTERNATIVE.

“Co-operation rather than rate-aided competition and the crushing out of private enterprise, therefore, is what Parliament, Mr. Lloyd George and Lord Welby recommend, and some arrangement of this kind, involving no risk, but a certain share of profit to the ratepayer, is what the Reformers desire to secure to the ratepayer. What alternative do the Progressives offer?

“In the first place, their new Bill seeks powers (Clauses 47 and 48) which, in the words of Mr. McKinnon Wood, will compel the Borough Councils and companies ‘to come in or go under.’ To effect this, they will involve the ratepayer in a further debt of 35 millions for purchasing the undertakings of the companies and Borough Councils against their wishes. To this must be added a further huge sum for purchasing all the Municipal undertakings over an area of 450 square miles round London. As these are outside the Council's jurisdiction, in order to compel them also ‘to come in or go under,’ the Progressives seek power in their Bill to ruthlessly compete with them. To do this they include several clauses which Mr. Wood has stated before

the House of Commons will mean the ruin of the small undertakings, and be detrimental to the consumer. In July, 1906, Mr. Wood stated on oath before the Select Committee of the House of Commons (vide proceedings) that Clause 10 'will not result in economy to power users . . . and the lighting consumers will be damaged' and later, 'the individual consumer will be worse off than ever.' And Lord Welby states that the ratepayer will get nothing from this scheme. Who then will make anything or derive any benefit except the horde of new officials who will be appointed to replace those now employed by the boroughs?

"CO-OPERATION OR MONOPOLY.

"Having acquired by these means a complete monopoly of electricity production for all purposes (not power only) over 450 square miles, and **having saddled every ratepayer in London** (for the London ratepayer has to bear the whole of the risks for the outside area as well as the county) **with a further debt of at least £50 per head, the concern will, according to the Finance Committee, have to be supported out of the rates until 1915 at least, and the prospect of profits is then remote.** We ask any sane person which of these two alternatives shows the greater regard for the ratepayer? Is it any wonder that while the first proposal was supported by the employers of 100,000 men in the East End, not a single manufacturer appeared in support of the Progressives' Bill, whilst at the present time every Borough Council and outside Local Authority is opposed to it?

"EXISTING COMPANIES.

"Let us be quite fair to Mr. Wilson, however. Perhaps he and Mr. Wood allude to the other Bill brought forward by the existing electric light companies for linking up their systems and giving each other mutual assistance. This Bill seeks to remove certain antiquated legislative restrictions imposed in the early days which, by general consent, have done much to hinder electrical progress in London of both companies and

municipalities. These restrictions have been recognised and the powers sought by the companies have been three times included in the Government Bills (in 1903, 1904 and 1905) promoted to remove the restriction, and the L.C.C.'s representatives themselves state that their removal would help to solve the electrical difficulty in London. The Companies' Bill contains no retail powers, and it does not affect the consumer one way or the other; it only covers certain areas, but will be of great benefit to many Local Authorities; in fact, it no more creates an electrical monopoly than it creates monopoly in flying machines. Yet, according to *The Daily News*, this also is 'the trust, naked and unashamed.'

"MORE FICTIONS.

"Mr. Wilson says 'the Progressives ask that the profits and control of the electric monopoly be reserved for the community.' In the first place, there never is and never can be an electric monopoly in London, except the one proposed by the Progressives, for no company has ever dreamed of seeking, or could have the slightest chance of obtaining from Parliament, one-tenth of the powers included in the present L.C.C. Bill. Again, Mr. Wilson's prompter, Mr. Wood, has unfortunately omitted to draw Mr. Wilson's attention to the report of the Finance Committee, which, for the second time, states that there will not only be no profits at all if the L.C.C. undertakes the scheme, but that it will have to be supported out of the rates: at least, until 1915, whereas, by taking advantage of the experience of business men, a large and certain return might be immediately assured to the ratepayer.

"Mr. Wilson next says, 'In 1901, another conference of Borough Councils asked the L.C.C. to undertake a bulk supply of electricity.' It may be so, but he gives no proof, and, strangely enough, when the Bill was introduced the Borough Councils all appeared in opposition, and secured its immediate rejection! Even the present overwhelming Radical majority realises that there is a limit to the burdens which the Council should be allowed to put on the London ratepayer, and threw out the L.C.C. Bill last summer (1906), while pointing out how much better

was that of one of the companies, and recommending the Council to co-operate, and not to fight with private enterprise. This Mr. Wilson expressed thus, 'A Select Committee has decided that the L.C.C. is the proper authority to undertake the duty of electric supply.' Can a greater travesty of the truth be imagined? If Mr. Wilson will take the trouble to read the Committee's report for himself, instead of taking Mr. Wood's garbled version, he will find no such decision; on the contrary, he will find (in Clause 18) a recommendation:

"(a) That the Council should be allowed to control (not undertake) the supply of electricity.

"(b) That one of the private schemes is 'calculated to afford a cheap supply at private risk.'

"(d) That the Council should co-operate (and not fight) with private enterprise.

"The policy of the Reformers is to support Parliament, the Council's own Finance Committee in this recommendation, and to carry out the advice of Mr. Lloyd George to the County Council, and encourage 'that co-operation between private enterprise and municipal control in which lies our best hope for the future,' while the Progressives, on the other hand, aim at absorbing or crushing out all undertakings, whether municipal or company, not run by the L.C.C., and piling unlimited additional burdens on the unhappy ratepayer.

"But Mr. Wilson tries to prove a little too much even for *The Daily News* when he attempts to show that the Borough Councils, which *The Daily News* says, 'ought never to have been created,' have been 'paragons of economy' in their electric lighting schemes. . . . Relying upon Mr. Wood again, who has let him down rather unkindly, Mr. Wilson actually says, as if it were an advantage to his case, that 'the Council's existing Greenwich Station would be part of the scheme,' whereas by saddling the new undertaking with this obsolete white elephant, which it was proved to the satisfaction of Parliament could now be replaced at half the cost, the last chance of the electricity concern paying would be removed. It will also be news to experts to hear that tramway mains can be

used for tramways and private lighting! Perhaps Mr. Wilson will explain how the lighting is to remain unaffected by the enormous variations of the tramway load. Every engineer knows that, even for safety reasons alone, these mains have to be kept rigidly separated.

MR. WILSON'S FINANCE.

“ . . . Mr. Wilson comforts the consumer by assuring him ‘ the Council will fix the price of electricity at a figure which will cover expenses.’ What a delightful outlook for the householder! The price of electricity is not to be regulated by Parliament, or by the Board of Trade, or by business conditions, or by what the consumer can afford to pay, as is done in the case of every existing company. Having obtained, at an enormous expense, an absolute monopoly of electricity, for all purposes (not power only), the Council will fix the prices! The Progressives lent the Marylebone Council the money to buy out its electrical company, with what result? The ratepayers are saddled with a debt of one and a half millions, the rates have risen 2d., the price of electricity has gone up to 8d. per unit, whereas the company offered to reduce it if left alone. Why should not the same happen in London? The Socialists might put the price up to a shilling! For the average Socialist does not use much electric light himself, and the tempting prices in the Bill refer, it will be noted, to ‘ bulk ’ supply only, and mean nothing to the ordinary user. Mr. Wood, in fact, stated (in July, 1906) before Parliament that ‘ the lighting consumer will be damaged ’ by the very clauses he now includes in his Bill!

“ Then the water purchase is again trotted out. We have already shown that as **electrical companies (unlike water companies) are all subject to purchase at cost price, this is an obvious red herring** intended to deceive those too busy to study the facts, and only when the authorities insist on purchase before the end of the term do the arbitrators make them pay more.

“ The last touch of Mr. Wilson is truly delightful. He piously assures his readers that ‘ such schemes introduce corruption into

municipal politics,' and 'an economic privilege can only be sustained by the exercise of improper influence at elections.' If by 'such schemes' he refers to the gigantic Socialist experiment of the L.C.C. in monopolising the sale of electricity over 450 square miles, we will agree.

"If he refers to a scheme of co-operation between Municipal and private enterprise, his readers will see the smallness of the danger when they realise :

(1) That there are seven million people in Greater London.

(2) That the largest electric lighting company in the kingdom employs under 1000 men.

(3) That the L.C.C. tramway employees already exceed those of all the London electric light companies put together.

(4) That there are in Greater London to-day over 70,000 workmen financially interested in Municipal Elections.

" . . . The alternatives before London are emphatically not what Mr. Wilson suggests. They are, on the one hand, an absolute and grinding monopoly of electricity supply for all purposes over an area of 450 square miles, obtained by ruthlessly crushing out company and Municipal undertakings alike, involving an additional debt of £50 for every ratepayer in London, who also (according to Lord Welby) will have to contribute to the support of the concern, at least until 1915, and probably for ever. On the other hand, Parliament, the Municipal Reformers, and the Council's Finance Committee support a policy of co-operation with, and Municipal control of, the various private companies, a course which involves no risk of loss and a certain share of profits to the ratepayer. No question of purchase can arise, for the ownership would remain in the ratepayers' hands. Which will the ratepayer have ? "

Vauxhall and Lambeth Bridges.

DELAY IN RE-BUILDING.

The long delay in re-building Vauxhall Bridge affords yet another striking example of inefficient Progressive administration.

The history of the matter may be thus briefly summarised :—

1892. The old bridge condemned as dangerous by the Council.

1894. Resolution passed to promote a Bill sanctioning erection of bridge at a total cost of £454,000.

1895. Act to re-build bridge passed.

1897. Temporary bridge begun. Works Department in respect of the erection of piers and dolphins exceeded the final estimate of £11,265 by £2266, an increase of over 20 per cent.

1898. Temporary bridge opened. Tender for first portion of bridge amounting to £165,435 accepted. Works Department report that cost of construction of approaches to temporary bridge estimated at £3940 had been exceeded by £263. Design of new bridge—granite—approved.

1901. Parliamentary Committee report that an extension of time for re-building the bridge must be sought from Parliament. Claim for extra

work by contractors allowed to the extent of £10,933.

1902. Bridges Committee report that they “greatly regret to find that circumstances have arisen” which do not allow of a granite bridge being built. The Council agreed to the erection of a steel bridge at a cost of £170,000 for the superstructure. The Finance Committee report that £341,092 has already been spent. The further “estimate of £170,000 will make £511,092, or £27,092 more than the total Parliamentary estimate.”

1905. Bridges Committee report that cost of property exceeds the original estimate by £57,000.

1906. Bridge declared open, May 26th. Final cost approximately amounting to £600,000, an excess of, roughly, £116,000, or 24 per cent. over the original estimate.

The above affords a convincing example of the truth contained in the statement recently made by a Progressive member at the Council, that “if any private firm conducted their business in the same way they would not be long outside the Bankruptcy Court.”—(Mr. A. A. Thomas, Progressive member for East Islington, in the Council on May 15th, 1906.)

Particulars regarding the Re-building of Vauxhall Bridge.

Below are set forth fuller details relating to the re-building of Vauxhall Bridge.

As long ago as 1892, Mr. John Hutton, the then Chairman of the Council, in his annual review of the Council's work, stated—

The dangerous condition of Vauxhall Bridge is a matter which is forcing itself upon the immediate attention of the Council.

The yearly report of the Bridges Committee also stated that—

The question of re-building the Bridge will have to be considered by the Council.

Despite the urgency of the matter—

The Council did not consider it expedient to include the re-building of Vauxhall Bridge in its Improvements Bill for 1894. In that year the Bridges Committee stated that the cost of a new bridge would be about £454,000: that the foundations of the bridge were weak, but that a sudden collapse of the bridge need not be apprehended, as it is anticipated that warning of impending failure would be given. At the same time, the re-building of the bridge should not be much longer postponed.—(*Annual Report*, 1895.)

In 1895, the Vauxhall Bridge Bill was introduced into Parliament by the Council, and passed. The Annual Report of the Council for the year ended March 31st, 1895 (page 16), stated that “The bridge will cost about £380,000, including £30,000 for a temporary bridge, and £74,000 for the purchase of property required for forming the approaches.”

During 1897, the erection of a temporary bridge was proceeded with. The erection of piers and dolphins was entrusted to the Works Department. On the 21st January, 1898, the half-yearly report of the Department (*Minutes*, 25th January, 1898) showed that the final estimate of £11,265 had been exceeded by £2266.

On the 18th August, 1898, the temporary bridge was opened to the public. Meanwhile, the design for the new bridge had engaged the continued attention of the Bridges Committee. On February 22nd, 1898, the design submitted for the bridge was adopted by the Council, and the engineer was instructed to prepare the necessary contract, plans, sections, and specifications.

On the 26th July, 1898, the Bridges Committee reported that they had considered tenders received for the building of that portion of the new Vauxhall Bridge up to the springing level of the arches, and recommended that the tender of Messrs. Pethick Bros., amounting to £165,435, be accepted.

On the 13th December, 1898, the Works Department half-yearly return stated that the construction approaches to the Vauxhall temporary bridge, estimated to cost £3940, had been exceeded by £263.

On the 30th July, 1901, the Parliamentary Committee reported that it might be necessary to apply to Parliament next Session for extensions of time for the execution of work in connection with the Vauxhall Bridge Act, 1895.

On the 1st July, 1902, a Report of the Bridges Committee on the delay in executing the work was presented to the Council. It stated that the order to commence work was given by the engineer to Messrs. Pethick Bros. in September, 1898, and that the work should have been completed in March, 1901. The Committee were, however, unable to hold out any hope of the Council entering into a contract for the construction of the superstructure until the early part of 1903. "The unfortunate delay" was attributed to natural and other difficulties; the stringent restrictions of the Thames Conservancy; the erection of coffer dams not originally contemplated; the difficulty experienced in obtaining possession of part of the foreshore; and the great depth of the old Westminster abutment. Claims for extra work had been made by the contractors, and this was recommended to be settled by the contractors agreeing to take £10,933, and to complete their contract not later than 31st December, 1902. This recommendation, after being withdrawn, was ultimately adopted.

On the 29th October, 1902, a report of the Bridges Committee stated that—

The question of the rebuilding of Vauxhall Bridge **had been before the Council for the last twelve years**, although it was not until 1895 that Parliamentary powers were obtained to undertake the reconstruction. After the passing of the Vauxhall Bridge Act some three years elapsed before the contract for the demolition of the old structure and partial construction of the new piers and abutments was let to Messrs. Pethick. The Council will remember that the proposal in 1897 was to construct a five-arched steel bridge, with granite-faced piers and abutments, but that when the sketch was submitted it was rejected

upon the grounds that it did not possess those features which it was thought a crossing of such importance should exhibit. Some eighteen months later, as the result of much deliberation, a design was submitted and adopted by the Council showing the granite bridge backed with concrete, which not only had an appearance of stability and massiveness, but which, it was believed, gave general satisfaction. Having regard, therefore, to the time and talent which have been spent upon the design and proposed construction of the bridge, in a manner which has been regarded as so satisfactory, and which would have embodied the principle upon which the Thames Embankments were constructed, we greatly regret to find that circumstances have arisen which will necessitate the Council having to revert to its original conception and build a steel bridge with stone piers. . . . In 1898, when a concrete bridge was substituted for the original form of construction, it was pointed out that the headway of the arches, owing to the centreing required for the support of the concrete arch during construction, would have to be temporarily reduced, and a clause authorising the lowering was accordingly inserted in the General Powers Bill of that session, but was subsequently withdrawn, as it was represented to us that a method of construction had been discovered which would obviate the temporary headways at the centre of the arches being less than the prescribed 18 ft. and 15 ft.

Owing to deviation from the width of the openings specified in the Act, an action for damages done to the protective works at the Bridge, by the tug "Frank," was lost by the contractors. The engineer then reported that he could not carry out the construction of a concrete arch. The Committee recommended :—

(A) That the resolution of the Council of 22nd February, 1898, directing that the new Vauxhall Bridge be a granite bridge, backed with concrete, be rescinded.

(B) That the estimate of £170,000, submitted by the Finance Committee, for the building of the superstructure of the new Vauxhall Bridge, be approved, and that an expenditure up to that amount be sanctioned; that the design submitted, showing a steel elliptical arch structure, be adopted, and that the engineer be instructed to prepare the necessary contract, plans and specification.

This was adopted.

The report of the Finance Committee stated that they had—

Inquired of the Bridges Committee whether they anticipated any further expenditure in respect of the new Vauxhall Bridge other than that provided for in the votes already passed, and the estimate of £170,000

now submitted, and they learn that a further sum of upwards of £10,000 will probably be required for property. This, however, is partly contingent upon the carrying through of a proposed arrangement for an exchange of property and the execution of certain works, and the negotiations are not yet completed. The Parliamentary estimate for the reconstruction of the bridge amounted to £484,000, comprising £74,000 for property, £30,000 for the construction of a temporary bridge, and £380,000 for the erection of a new bridge. Up to the present time the Council has voted £341,092, which sum, with the present estimate of £170,000, will make £511,092, or £27,092 more than the total Parliamentary estimate, and, as stated above, a further sum of at least £10,000 will probably be required. The excess has arisen in connection with the purchase of property and the construction of the temporary bridge. The Council has already passed supplemental votes for property amounting to £46,000. **On the temporary bridge there has been an excess of £8745**, but on the construction of the new bridge it appears that there may be a saving of £30,000.

Vauxhall Bridge and Foreign Contracts.

The history of the re-building of Vauxhall Bridge is also of interest, owing to the determined attempt of the Progressive party to favour foreign contractors. This attempt took place on June 23rd, 1903, on a report of the Bridges Committee, which recommended that a clause be inserted in the specification for the erection of the superstructure of Vauxhall Bridge, providing that all materials should be of British manufacture only. This was defeated by the Progressives on an amendment—Mr. Ward (Progressive) moving, and Mr. Yates (Progressive) seconding, the reference back, which was carried by 49 votes to 44.

The following Progressives voted on this occasion against the resolution of the Committee to use British materials only:—

Austin, E. (Hoxton)
 Baker, J. A. (Finsbury, E.)
 Bayley, E. (Southwark, W.)
 Benn, J. W. (Kennington)
 Burns, J. (Battersea)
 Carrington, Earl (St. Pancras, W.)
 Clarke, C. Goddard (Peckham)
 Cleland, J. W. (Lewisham)

Collins, S. (Kennington)
 Collins, Sir W. J. (St. Pancras, W.)
 Cornwall, E. A. (Bethnal Green, N.E.)
 Davies, W. (Battersea)
 Dolman, F. (Brixton)
 Elliott, G. S. (Islington, S.)
 Gilbert, J. D. (Newington, W.)
 Goodman, W. (Islington, W.)

Hemphill, Capt. F. (Finsbury Central)	Sharp, L. (Brixton)
Hubbard, N. W. (Norwood)	Shepherd, A. J. (Hackney Central)
Hunter, T. (Southwark, W.)	Shrubsall, G. (Norwood)
Jackson, R. S. (Greenwich)	Smith, A. (Hackney, S.)
Johnson, W. C. (Whitechapel)	Spokes, R. (Walworth)
Lampard, G. (Hackney, N.)	Stuart, J. (Haggerston)
Laughland, J. (Islington, E.)	Torrance, A. M. (Islington, E.)
Lawson, Peter (Fulham)	Verney, F. W. (Peckham)
Leon, A. L. (Limehouse)	Ward, H., <i>Teller</i> (Hoxton)
Little, J. F. (Marylebone, E.)	Waterlow, D. S. (St. Pancras, N.)
Macdonald, J. R. (Finsbury Central)	Webb, Sidney (Deptford)
McDougall, Sir John (Poplar)	West, Sir A. E.
Parkinson, W. C. (Islington, N.)	Wiles, T. (Bethnal Green, S.W.)
Piggott, John (Newington, W.)	Williams, Rev. C. Fleming
Radford, G. H. (Islington, W.)	Williams, R. (Lambeth)
Sandhurst, Lord	Yates, W. B., <i>Teller</i>

In the above list will be noticed the names of all the leaders of the Progressive Party who were present.

The Moderates, although supported by some Labour members, were not able to defeat the Progressives.

On October 20th, 1903, the Bridges Committee presented a report to the Council containing the following tenders for the erection of the superstructure:—

	£	s.	d.
Messrs. Pethick Brothers (Foreign steel)	132,073	0	0
" " " (")	133,664	0	0
" " " (British steel)	137,073	0	0
A. Fasey & Son 	141,741	13	9
C. Wall 	142,942	9	5
Patent Shaft and Axletree Company ...	153,551	10	0
Heenan & Froude, Limited 	154,584	0	0
A. Handyside & Co. 	158,200	11	4
Cochrane & Sons 	158,500	0	0
Perry & Co. 	160,360	0	0
Baudet, Donon & Co. 	166,587	9	0
J. Westwood & Co., Limited 	168,803	0	0

Fortunately, the foreign steel tender was rejected, because the Council's engineer "would not recommend its acceptance."

Therefore, by the action of the engineer, the Progressive Party were prevented from accepting a foreign contract.

The Bridges Committee recommended that the offer of Messrs. Heenan & Froude, Ltd., be accepted. On the motion of a Moderate member (Mr. E. White), it was decided to accept the tender of Mr. C. Wall, of Chelsea, so that the work might be given to a London firm and thus effect a saving of £11,641 10s. 7d. for the Ratepayers.

Report of the Bridges Committee, 1905.

The Bridges Committee, in their Report, dated 12th July, 1905, state :—

“The amount of the original estimate, for which provision was included in the London County Council (Vauxhall Bridge) Act, 1895, for the reconstruction of this bridge, was £484,000, and of this sum £74,000 represented the estimate of the cost of acquiring the necessary property. When, however, the Council’s Bill was before Parliament, a clause was inserted at the instance of Sir Robert Burnett & Co., requiring the Council to re-instate that company’s premises. This clause placed upon the Council an obligation which afterwards proved to be an onerous one, as the only land available for the purpose was that having a river frontage, and this was at least four times more valuable than the site of the then existing bonded warehouses. Moreover, **the cost of re-erecting the buildings was greatly increased in consequence** of the requirements of the excise authorities and **of the London Building Act, 1904.**

“In addition, the claims of the Clothworkers Company and of Messrs. Francis & Co. were referred to juries, who awarded, in our opinion, excessive amounts; and in another case, that of Messrs. Castle & Sons, a sum of £5500, for which no provision had been included in the original estimate, was awarded by the jury in respect of injurious affection of the claimant’s property.

As a result, the estimate (No. 2590) of £74,000, approved by the Council on 22nd December, 1896 (p. 1454), was greatly exceeded. The facts were reported by us to the Council on 1st August, 1899 (p. 1231), and 30th April, 1901 (p. 475), and **on these dates supplemental estimates (Nos. 3196 and 3564) of £40,000 and £6000 respectively were approved by the Council.**

“The estimates above referred to have, so far, been exceeded by £2924, and a further sum of about £8000, making **£11,000 in all, will be required** in connection with the improvement to be effected at the junction of Upper Kennington Lane and Albert Embankment. When the plans were prepared for deposit in connection with the Council’s application to Parliament for power to re-construct the bridge, a block of property at this point was included within the limits of deviation, but no estimate was submitted to the Council in respect of this property, as at first it was not intended to acquire the premises. In 1900, however, it was decided to make use of the powers which the Act conferred upon the Council to effect a further improvement at this approach to the bridge, and so increase the facilities for traffic at this point and relieve the congestion which arises where two important lines of thoroughfare cross. Instructions were therefore given for the acquisition of the freehold and of the long leasehold interests in this property, allowing the shorter leases held by the occupiers to expire by effluxion of time. The estimated cost of this improvement amounted to £12,000, but a supplemental estimate has not yet been submitted to the Council. The acquisition of the interests above mentioned has, however, been completed for less than the amount of the estimate, and the further supplemental estimate for the sum of £11,000 above referred to will be sufficient. Certain paving works will be necessary, estimated to cost £850, but, as a saving of more than £8700 has been effected in the cost of other works connected with the rebuilding of the bridge, no further vote for works will be required.

“We have, as required by standing order No. 186, communicated with the Finance Committee, and have asked

them to submit an estimate of £11,000, to cover the expenditure above-mentioned.

“ This supplemental estimate as already stated, does not affect the cost of work in connection with the reconstruction of the bridge, which is fully covered by separate estimates, amounting to £374,123 already approved by the Council, and in respect of which we reported on 14th December, 1897 (p. 1384), 26th July, 1898 (p. 968), 22nd July, 1902 (p. 1138), 25th November, 1902 (p. 1731), and 12th May, 1903 (p. 744). We recommend—

“ That the supplemental estimate (No. 4435) of £11,000, submitted by the Finance Committee, be approved, and that further expenditure not exceeding that amount be sanctioned for the acquisition of property in connection with the reconstruction of Vauxhall Bridge. (Adopted.) ” (cf. L.C.C. minutes, August, 1905, page 920.)

L.C.C. Annual Report, 1906.

The Annual Report of the proceedings of the Council for the year ended March 31st, 1906 (No. 995), states:—

“ VAUXHALL BRIDGE.

“ The erection of the superstructure of the bridge has proceeded under the contract with Mr. C. Wall, the amount of the contract sum being £142,942 9s. 5d. The order was given to the contractor to commence work on 1st January, 1904, and under the terms of the contract the bridge should be completed within two years from that date. From time to time, however, the Committee have had occasion to complain of the slow progress made by the contractor. The progress made recently has, however, been accelerated, and the bridge will be completed by about May, 1906.”

On December 18th, 1906, the Council agreed to the recommendation of the Improvements Committee, that ex-

penditure not exceeding £5000 be sanctioned in respect of the demolition of Vauxhall temporary bridge and of the works incidental thereto, and that the tender of C. Wall, Limited, to undertake the removal of the bridge and the execution of certain other works to the satisfaction of the Council and of the Thames Conservancy, and to pay the Council £50, be accepted.

On May 26th, 1906, Vauxhall Bridge was formally declared open by Mr. Evan Spicer, the Chairman of the L.C.C.

The bridge, though ready for traffic, was not then fully completed by the contractors, who had still a considerable amount of work to do.

As shown in the Report of the Bridges Committee for 1905, the original estimate of £74,000, representing the cost of acquiring the necessary property in connection with the rebuilding of the bridge, has altogether been exceeded by the sum of £57,000.

The cost of the temporary bridge originally estimated at £30,000 has, as already set out, been exceeded by £8745 ; giving together a total of £65,745 over the original sums estimated.

Altogether there is good reason for stating that the actual total cost incidental to the rebuilding of the bridge must approximate to £600,000 ; whilst the original Parliamentary estimate for the reconstruction of the bridge amounted to £484,000.

What, however, is even more striking, is the fact that 14 years have transpired since the date on which the old bridge was condemned as dangerous by the L.C.C., and 11 years since the passing of the Act authorising the rebuilding of the bridge.

Lambeth Bridge.

In 1892, Lambeth Bridge was also stated to be in a bad condition.

The Annual Report of the proceedings of the Council for the year ended 31st March, 1893 (page 18), stated :—

“ LAMBETH BRIDGE.

“ This bridge connects the densely populated districts of Westminster on the north side of the river and Lambeth on the south. **Its present unsatisfactory condition has engaged our attention,** and we find that it is such that **at an early date the Council will have to consider the necessity of replacing the present structure** by one of a substantial character. We reported in June, 1892, that in our opinion the Council would have to obtain powers in the next session of Parliament to rebuild Lambeth Bridge, and suggested that Vauxhall Bridge should be rebuilt five years hence. The Council having expressed an opinion that Vauxhall Bridge should be rebuilt first, we accordingly prepared a scheme which the Council approved. It is clear, however, that **Lambeth Bridge must be rebuilt at the earliest moment, and we are now considering proposals to lay before the Council.**”

In 1894, as a result of consideration whether the reconstruction of Vauxhall Bridge or Lambeth Bridge should first be taken in hand, the Bridges Committee reported in favour of the stronger claim of Vauxhall Bridge from all points of view.

**Annual Report of the L.C.C. for
1905-1906.**

The Annual Report of the L.C.C. for the year ended 31st March, 1906 (pages 24 and 25), states :—

“ LAMBETH BRIDGE.

“ The condition of this bridge is a matter which has demanded most careful consideration. **Owing to the continued deterioration of the bridge it has been found necessary from time to time to restrict the traffic on the bridge,** and it was felt that still further restrictions would be necessary. These continued limitations of the traffic have gradually diverted it into the congested routes which cross Westminster Bridge and Vauxhall temporary bridge. In addition, the Vauxhall

temporary bridge, which was intended to serve during the construction of both Vauxhall and Lambeth bridges, obstructs, to some extent, the navigation of the river, and should be removed as soon as possible.

“Moreover, the Improvements Committee found themselves greatly hampered in carrying out the Westminster improvement and in dealing with the surplus land of the improvement owing to the fact that the levels at the junction of Grosvenor Road, Horseferry Road and Millbank Street fixed by the London County Council (Improvements) Act, 1900, are 6 feet lower than will be necessary when the bridge is reconstructed. If the development of the surplus lands of the Westminster improvement were proceeded with at the authorised levels, it is obvious that when the bridge is reconstructed these levels will have to be altered, and it was estimated that this would involve the Council in the loss of a capital sum of £200,000, which might be avoided by the Council seeking, without further delay, powers to rebuild the bridge, and would in effect be a set-off against the cost of the bridge.

“In view, however, of the heavy capital expenditure to which the Council was committed at the time that this proposal was considered, the Council on 25th October, 1904, decided not to seek statutory powers in the Session of 1905 to enable it to undertake the work. As a consequence, the Committee have again considered what action should be taken in the matter, having regard to all the circumstances. In view of the fact that the Council's decision was come to so recently, the Committee did not feel able at the time to recommend again that the bridge should be rebuilt. They considered it necessary, however, that, in the interests of public safety, the fullest publicity should be given to the present defective condition of the bridge, and to the necessity for closely limiting the character of the traffic using it. With this object, the Council, on the Committee's recommendation, decided that, as regards vehicular traffic using the bridge, all vehicles of a total laden weight of $2\frac{1}{2}$ tons and upwards should be prohibited from crossing, or in any way using the bridge, and, further, that all traffic using the bridge should proceed over it

at a walking pace. This prohibition of course applied to all vehicles, including fire engines."

The Highways Committee in their Report dated 10th and 17th May, 1906, stated :—

" The footways of Lambeth Bridge are in a very unsatisfactory condition, and it is necessary at once to carry out certain repaving works in connection therewith, at an estimated cost of £400. We suggest that the repaving should be executed by the Works Committee as a jobbing work. Provision for the expenditure is made in the maintenance estimate (No. 32) for the current financial year in respect of county bridges."

And recommended—

" That expenditure, on maintenance account, not exceeding £400, be sanctioned for repairs to the footways of Lambeth Bridge ; and that it be referred to the Works Committee to execute the work as a jobbing work."

This recommendation, on May 22nd, 1906, was agreed to by the Council.

Up to the present time, accordingly, practically nothing has been done to remedy the bad condition in which Lambeth Bridge 14 years ago was reported to be.

The Progressives plead as their excuse for this delay, " the heavy capital expenditure " to which the Council is committed, as stated above in the last Annual Report of the Council.

Necessary work, and work of general public utility and convenience is accordingly to be held over on the ground of expenditure, although such considerations have no weight whatsoever with the Progressives when the question under consideration relates to the extension of Municipal Trading. For such purposes, the Progressives are always willing to vote the necessary money, although these very votes, as an inevitable consequence, preclude for a further period of years the carrying out of work such as that connected with the main drainage of London, the rebuilding of Lambeth Bridge, and many other matters of importance to the health, progress, and prosperity of London.

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